

# EDGEWOOD CAMPUS SCHOOL

## THE WISCONSIN TAX DEDUCTION FOR TUITION EXPENSES

### **What is the tax deduction for tuition expenses?**

The state budget bill (2013 Wisconsin Act 20) established a tuition tax deduction which begins in the 2014 tax year when filing in 2015. Taxpayers may deduct the private school tuition expenses they have paid between January 1, 2014 and December 31, 2014. Up to \$4,000 for each dependent child in Kindergarten-Grade 8 and up to \$10,000 for each dependent child in grades 9-12

### **How much will the deduction benefit families?**

The average Wisconsin family will see their taxes cut around \$240 per elementary school child and around \$600 per high school student.

### **Who is eligible to claim the deduction?**

Anyone who pays tuition expenses at a private school is eligible.

### **Can I deduct all tuition if my child receives a scholarship or financial aid?**

No, you may only deduct tuition you have paid.

### **What if my student is going from elementary or middle school to high school?**

If a student goes from eighth to ninth grade, the taxpayer may claim tuition expenses that were paid for only one grade in that taxable year. Therefore, the family must decide which grade to claim for that taxable year.

### **Can families claim the deduction for tuition paid at all private schools?**

The deduction applies to tuition expenses paid at an institution that meets the definition of a private school under Wisconsin Statutes s. 118.165.

### **What does a taxpayer need to do to claim the deduction?**

- Make certain the school their child attends meets the basic definition of a private school
- Save payment records (receipts, etc.) as supporting documentation for their tax records (Wisconsin Department of Revenue (DOR) will provide further information on this deduction within publications related to the preparation of 2014 tax year filings)

**Turn over to see examples of how the deduction can work...**

## Do Catholics schools and parishes support the tax deduction?

The tax deduction is one way the state can affirm the vital role parents play in their children's education by giving families meaningful choices in where and how children are educated.

The *Catechism of the Catholic Church* expressly states: As those first responsible for the education of their children, parents have the right to *choose a school for them* which corresponds to their own convictions. This right is fundamental. As far as possible parents have the duty of choosing schools that will best help them in their task as Christian educators. Public authorities have the duty of guaranteeing this parental right and of ensuring the concrete conditions for its exercise. (#2229, italics in original)

## Do you have examples of how the deduction works?

- A couple makes \$60,000 in income and spends \$2,500 on tuition for their elementary school student in 2014. When the family files their taxes in 2015, their tax obligation is reduced from \$3,762 to \$3,605, a savings of **\$157**.
- A family with two high school students makes \$90,000 in income and spends \$7,500 per student on tuition in 2014 (for a total of \$15,000). With the deduction, that family's taxes are reduced from \$5,643 to \$4,703, a savings of **\$940**.
- A mother makes \$46,000 and sends her two children to a Catholic elementary school that charges \$2,000 per student for tuition. Her taxes before the deduction are \$2,884. After the \$4,000 deduction, her taxes fall to \$2,633, saving her **\$251**.
- A family makes \$120,000 and has three students in Catholic schools - one in elementary school, one in middle school, and one that finished eighth grade and started high school. Tuition for the youngest student was \$3,000, and for the middle school student, \$4,100. For the student who started high school, tuition was \$2,000 for the second semester of eighth grade and \$3,500 for the first semester of high school. When filing their taxes in 2015, the family may claim a deduction of \$10,500, which is the full tuition amount paid for youngest child, the maximum tuition payment deduction allowed for middle school child (\$4,000), plus the semester of high school tuition for the eldest child. With the deduction, the family's tax obligation goes from \$7,524 to \$6,866, for a savings of **\$658**.