



Information for Private School Families 2011 K-12 Education Tax Credit & Deduction/Subtraction

The Minnesota Independent School Forum (www.misf.org) would like to share some valuable tax information specifically for families with students in private/nonpublic K-12 schools. Please consult your tax advisor with questions and a complete list of qualifying education expenses as you complete your 2011 tax returns. This information may also be found online at http://taxes.state.mn.us/individ/Documents/publications_fact_sheets_fs8.pdf

Eligibility Requirements and Definitions

Eligibility Requirements

To claim either the subtraction or credit, you must have paid qualifying expenses during the year to help your qualifying child's K-12 education. Part-year residents and nonresidents may also qualify for both the subtraction and credit

Definition of a Qualifying Child

A qualifying child must meet the definition of a qualifying child for the federal earned income credit and must have been in grades K-12 during the year.

In other words, to qualify for either the subtraction or credit, the child must have lived with you in the United States for more than half of the year, been in grades K-12 during the year, attended a public, private or home school and must be:

- your child, adopted child, stepchild or grandchild, or
- your brother, sister, stepsibling or a descendant of your sibling or stepsibling whom you care for as your own child, or
- a foster child who was placed with you by an authorized placement agency and you care for the child as your own.

Note: If the child is a qualifying child of more than one person and each person paid qualifying expenses, only one person may claim the qualifying expenses they paid for the child. You are not allowed to claim a subtraction or credit based on the qualifying expenses paid by another person for that child.

What is the Tax Credit, and Who Qualifies?

The education credit is a refundable credit that reduces your state income tax liability. If you meet the eligibility requirements provided below, you may claim a credit on your Form M1 equal to 75 percent of your qualifying expenses that you paid during the year for your child's K–12 education, up to the maximum amounts.

To qualify for the education credit, you must file as single, head of household, qualifying widow(er) or married filing a joint return. Married persons filing separate returns do not qualify for the credit.

In addition, your household income—your federal adjusted gross income plus most nontaxable income—must be below a certain limit for the year.

Qualifying Children	Income Limit
1 or 2	\$37,500
3	\$39,500
4	\$41,500
5	\$43,500
6 or more	*

* For more than 5 children, the limit is \$43,500 plus \$2,000 for each additional qualifying child.

Credit limits

Your credit is limited to 75 percent of your qualifying expenses that you paid during the year for your qualifying child's K–12 education, up to the maximum amounts. The remaining 25 percent of qualifying expenses cannot be used to claim the subtraction

What is the Deduction/Subtraction, and Who Qualifies?

If you purchased educational material or services for your child's K–12 education, you may be able to subtract your qualifying expenses, up to the maximum amounts, from your taxable income when you file your Form M1.

Unlike the education credit, there is no income limit to qualify for the K–12 education subtraction, and you may qualify regardless of your filing status. However, the school your child attended must be located in Minnesota, Iowa, North Dakota, South Dakota or Wisconsin.

Subtraction limits

You may subtract your actual qualifying educational expenses, up to a maximum of \$1,625 per qualifying child in grades K–6, and \$2,500 for a qualifying child in grades 7–12. In the case where a child went from 6th grade to 7th grade during the calendar year, the maximum for that child is \$2,500.

There is no family maximum subtraction, only a per-child maximum.

Examples of expenses that may qualify for the education credit and/or subtraction			
Educational expenses	Qualifies for:		
	credit	subtraction	neither
Private school tuition		X	
Tuition for college courses that are used to satisfy high school graduation requirements		X	
Tutoring (by qualified instructor)*	X	X	
Fees for after-school enrichment programs such as science exploration and study habits courses*	X	X	
Tuition for summer camps that are primarily academic in focus such as language or fine arts camps*	X	X	
Fees for all-day Kindergarten	X	X	
Music lessons*	X	X	
Instructor fees for drivers education course* if the school offers a class as part of the curriculum	X	X	
Sport camps or lessons			X
Nonreligious academic books and materials purchased for use during the regular public, private or home school day	X	X	
Purchase of books and materials used for tutoring, enrichment programs or academic camps			X
Purchase or rental of musical instruments used for regular school music class	X	X	
Fees paid to others for transportation to/from school or for field trips during the normal school day	X	X	
Costs to transport your child to and from tutoring, enrichment programs or camps that are not part of the school day			X
Travel expenses, lodging and meals for overnight class trips			X
Home computer hardware and educational software	X	X	
Noneducational computer software			X

Up to \$200 for credit & \$200 for deduction

* Study must be directed by a qualified instructor

To be a qualified instructor, the person must meet one of the following requirements:

- be a Minnesota licensed teacher,
- be directly supervised by a Minnesota licensed teacher,
- have passed a teacher competency test,
- teach in an accredited private school,
- have at least a baccalaureate degree (the subject you teach need not have any relation to your academic training), or
- be a member of the Minnesota Music Teachers Association.

Also, a qualified instructor cannot be the child's sibling, parent or grandparent

Expenses that Do Not Qualify

- purchases of materials for use outside the normal school day (tutoring, enrichment programs, or academic camps)
- fees paid to others for transporting your child to and from activities outside the normal school day
- room and board
- instructor fees paid for the teaching of religious beliefs
- fees or tuition paid for programs that are not academic in nature, such as sport camp
- Kleenex
- School lunch, snacks or treats
- School uniforms (including choir or band uniforms, dance costumes and graduation robes)
- Clothing for school (exception is gym clothes that are required for class)
- Travel expenses, lodging, transportation (e.g. airline tickets), and meals for overnight class
- costs for you or other members of your household to drive your child to school
- cost to transport your child to or from day care, or to any program or camp that is not part of the normal school day
- Monthly internet fees
- Non-educational software