

# Tax changes affect students

By RON BAKER  
Staff writer

There are some changes in the income tax law that USC students should be aware of before the April 15 filing deadline.

S.C. Internal Revenue Service Public Affairs Officer Mike Quinn said the most important change is that scholarships, grants and the like are no longer entirely tax-exempt as they were last year.

Beginning with 1987, students can no longer deduct scholarships that are used for room and board, travel expenses and so on. Only funds used for "academic expenses" are tax-free, said USC Business Administration professor Caroline Strobel.

Jack Reece, manager at the Harden Street office of H & R Block, said that only "tuition fees, books and equipment required for study" are not taxable under current law.

Unlike past laws, the 1986 Tax Reform Act allows for the taxation of scholarships, grants, assistantships and income from work-study jobs.

Furthermore, Quinn added that only degree candidates are eligible to exempt any such income.

The only exception to this rule is a little-known clause that permits students on athletic scholarships a complete exemption, regardless of how the money is used, Quinn said.

Reece noted that this is no guarantee for athletes on scholarships because the law is unchallenged so far, but he said that "athletic scholarships will probably continue to be excluded from income taxes".

Another new change is a law which says that students can no longer claim themselves as dependents if their parents are qualified to do so. This only applies to students under 23 years of age, Reece said.

Parents are eligible if their sons or daughters is a full-time student and if the parents contribute more than half of the student's income.

The issue of exactly what portion of a student's income is taxable is further complicated because of the Tax Reform Act's assertion that students with both earned and unearned income can claim exemption in the maximum amount of \$500 rather than the standard \$3,000 of the past.

For example, a student earning \$2,500 at an off-campus job who is also receiving scholarship assistance used for costs other than academic expenses can only claim to be tax-exempt from \$500 of their total income, which now includes the scholarship money as well.

Students cannot claim to be exempt from more than the total amount of their earned income (which includes wages, tips and other money the student has actually worked for), and even if a student earns far less than the \$3,000, including unearned income, the deduction cannot exceed \$500.

It is also important to note that these laws only apply to single students.

Reece said that the biggest problem students seem to have in filing their tax returns is in not reading the forms carefully.

"Each line has a message to convey, and students should be careful to respond appropriately to the requests for information," he said.

Students are encouraged to use the 1040EZ form, which is generally the most useful for persons in the financial situations common to students.

Students with further questions can contact the IRS at 1-800-424-1040.

Students should also be careful to take care of their taxes before the April 15 filing date.

# Stickers *Continued from page 1*

who objected to the bill said they are working on changing the language of the bill to make it conform to the Supreme Court's definition of obscenity.

"I don't think you can legislate good taste and good manners. I think mamma and daddy should be doing that and not the state Legislature,"

Wilkes said. "We're working on legislation that will make it at least conform to the Supreme Court definition of obscenity." Wilkes said the definition is so strict that it may have no real effect on any of the bumper stickers.

Keesley said the bill would be a burden on the police and magistrates

who would have to enforce the law. He said the wording of the bill is ambiguous.

"I think some of the members of the House want to send a message, and I want to send the best message we can. We don't want to pass something that can't be enforced just to be sending a message," Keesley said.



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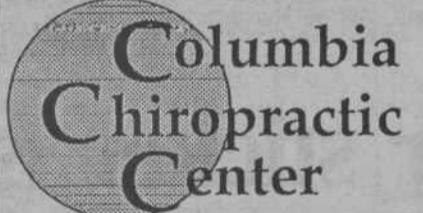


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