From Debi:

2 questions on tuition and scholarships.

Looking at account records with several scholarships grants and loans.  The fees include tuition, class fees, late fees, room and food plans

trying to figure the sequence to use to determine amount to use for AOC.

1.  Total of all fees $38289

2. Total Room meals and late fees not deductible $9031

3. 3 total loans to represent the amounts paid ( no money paid other than loan proceeds) $14514

4.  Total of all scholarships and grants  $26519

Amounts billed (#! ) minus non deductible items (#2) equals $29258 - Scholarships $26519 leaves $2,739

They paid 14514-9031 non deductible leaves 5483 that is deductible

but since the 2739 left after the scholarships is less do I have to use the 2739? or can I use  the 5483 since some of that paid a previous balance?

TaxMama:

You have a net expense of $5,483
But you said part of that paid a previous balance?
Where did that come into play in your information?

Certainly, they can deduct the $2,739.
What was the other $2,744 for?

Question 2 if the tuition for study abroad eligible for AOC if it is through the US qualified school?  I think yes but want to confirm.

TaxMama:

Yes.

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What are the rules for a biz owner who wants to reimburse spouse/employee for out of pocket medical costs and premiums?

I usually have people set it up through someone like TASC.  She had an account with TASC but recently ask for a refund because she never turned anything in.

Maybe if they filed the proper documents she can still turn in records which she did a good job of keeping in to them.  Otherwise my thoughts are since there are so many compliance rules to follow and setting up a legal plan document if the employer just reimbursed her employee (in this case her spouse) those will be just personal transfers from her biz account not deductions. (Sch C taxpayer)  Do you agree?

TaxMama:

Without a written plan, and without acting in compliance with the plan, the employer may not claim the deductions for the medical expenses.
Even just to pay their insurance requires a written plan.

Frankly, if the client cannot be bothered to comply, THEY are throwing out the deductions.

And no, you don’t have the skills and talent to set up a private plan for her. And if you did, you would be charging her thousands of dollars.

Send her back to TASC and reinstate the account and submit all the missing paperwork – or she doesn’t get to use any of this.

Why can't clients just ask through the year instead of screwing things up trying to do it on their own.