Parkers Prairie Tax Service
Tax Consultant

2026 College & Education Questionnaire

American Opportunity Credit • Lifetime Learning Credit • 529 Plans • Student Loans

Required due diligence worksheet – tax year 2026 • Please complete one per student

Taxpayer name(s): _____ Date completed: _____

Why we ask. College costs can bring a credit of up to **$2,500 per student**, but scholarships, 529 withdrawals, loans and **who claims the student** all change the answer – and choosing the right combination can be worth hundreds of dollars. The IRS also requires us to verify the American Opportunity Credit and keep proof on file (a $650 penalty to our office per return if we can't).

How to fill it out: answer every question; check "Not sure" rather than guess. **If the student plans to file their own return, please talk to us first** – a student who files and claims the credit can block the parents' credit.

THE STUDENT

Student name: _____ Date of birth: _____

School(s) attended in 2026: _____

Year in school (fall 2026): ☐ 1st ☐ 2nd ☐ 3rd ☐ 4th ☐ 5th+ ☐ Graduate ☐ Trade / certificate

1 ABOUT THE STUDENT

1	Will anyone (parents, grandparents) claim the student as a **dependent** for 2026? If yes, who? _____	☐ Yes ☐ No ☐ Not sure
2	Was the student enrolled **at least half-time** for at least one term in 2026, working toward a degree, certificate or other credential?	☐ Yes ☐ No ☐ Not sure
3	Had the student finished **4 years of college** before 2026? Expected graduation date: _____	☐ Yes ☐ No ☐ Not sure
4	Has the American Opportunity Credit been claimed for this student before? How many years? ☐ 0 ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ Unknown	☐ Yes ☐ No ☐ Not sure
5	Has the IRS ever **denied or reduced** an education credit for this student or for you? If yes, when and why? _____	☐ Yes ☐ No ☐ Not sure
6	Has the student ever been **convicted of a felony drug offense** (state or federal)? *The IRS requires us to ask.*	☐ Yes ☐ No
7	New for 2026: do you, your spouse **and** the student each have a Social Security number **valid for employment**? *Required for both education credits starting in 2026.*	☐ Yes ☐ No ☐ Not sure

2 COLLEGE COSTS AND HOW THEY WERE PAID *Answer Yes or No for each line and fill in the amount*

	2026 payments and funding	Did this happen?	Amount
8	**Tuition and required fees** paid in 2026. Who paid? ☐ Parents ☐ Student ☐ Other	☐ Yes ☐ No	$ _____
9	**Required books, supplies and equipment** (course materials, safety gear, lab fees) – please bring receipts.	☐ Yes ☐ No	$ _____
10	**Scholarships or grants** received. Were any restricted to tuition only? ☐ Yes ☐ No	☐ Yes ☐ No	$ _____
11	**Withdrawals from a 529 plan** or Coverdell account for this student. Owner: ☐ Parent ☐ Student ☐ Grandparent / other Paid to: ☐ School ☐ Student ☐ Account owner	☐ Yes ☐ No	$ _____
12	**Room and board** (only matters if a 529 was used). Where does the student live? ☐ On campus ☐ Off campus ☐ At home	☐ Yes ☐ No	$ _____
13	**Computer, software or internet** bought mainly for the student's school use.	☐ Yes ☐ No	$ _____
14	**Student loans** taken out in 2026. Student's loans: $_____ Parent (PLUS) loans: $_____	☐ Yes ☐ No	$ _____
15	**Student loan interest paid** in 2026 (Form 1098-E). Whose loan? _____ Who paid? _____	☐ Yes ☐ No	$ _____
16	**Employer paid** tuition or student loan payments for you or the student.	☐ Yes ☐ No	$ _____
17	**Early IRA withdrawals** by any family member (even if not used directly for school).	☐ Yes ☐ No	$ _____
18	**Savings bonds** (Series EE or I) cashed to pay school costs. Bond owner: _____	☐ Yes ☐ No	$ _____

3 THE STUDENT'S OWN INCOME

19	Did the student have **wages or self-employment income**? About how much? $_____ *Please bring their W-2s and 1099s.*	☐ Yes ☐ No ☐ Not sure
20	Did the student have more than **$2,700 of investment income** (interest, dividends, capital gains)? *If yes, please bring brokerage statements and 1099s.*	☐ Yes ☐ No ☐ Not sure

4 DOCUMENTS YOU ARE PROVIDING *Check all that apply*

☐ Form 1098-T (usually in the student's online school account)
☐ School account statement showing 2026 charges and payments
☐ Receipts for required books, supplies and equipment
☐ Scholarship and grant award letters
☐ Form 1099-Q (529 / Coverdell withdrawals)
☐ Form 1098-E (student loan interest)
☐ Student's W-2s, 1099s and brokerage statements
☐ Room and board bills or off-campus lease (if a 529 was used)

Your signature. I/we have read this questionnaire and the answers are true and complete to the best of my/our knowledge. I/we can provide the documents listed if the IRS asks.

Taxpayer signature Date Spouse signature (if married filing jointly) Date

PREPARER USE ONLY

Benefits claimed: ☐ AOTC ☐ LLC ☐ Student loan interest ☐ Tax-free 529/ESA ☐ Savings bond exclusion ☐ IRA penalty exception

Form 1098-T obtained (or exception documented) and school account statement reviewed; school EIN entered on Form 8863.	☐ Yes ☐ No ☐ N/A
Qualified expenses reduced by tax-free scholarships, grants and employer assistance; no double benefit between credit and 529/ESA distributions.	☐ Yes ☐ No ☐ N/A
Considered including taxable scholarship in the student's income to free up expenses for AOTC (Pub. 970).	☐ Yes ☐ No ☐ N/A
AOTC eligibility: first 4 years, ≤ 4 prior claims, at least half-time, credential program, no felony drug conviction; Form 8862 if previously denied.	☐ Yes ☐ No ☐ N/A
SSNs valid for employment confirmed for taxpayer, spouse and dependent student (new for 2026); MAGI phase-out checked.	☐ Yes ☐ No ☐ N/A
Refundable AOTC: student under 24 rule (§ 25A(i)(5)) checked if the student is claiming the credit.	☐ Yes ☐ No ☐ N/A
Third-party 529 owner (e.g., grandparent): owner informed of reporting needs; Minnesota 529 add-back reviewed (K-12 and credentialing).	☐ Yes ☐ No ☐ N/A
Form 8867 completed for AOTC; any inconsistent or incomplete answers followed up and documented below.	☐ Yes ☐ No ☐ N/A

Additional questions asked & client answers:

Documents reviewed and retained (or where stored in TaxDome):

Preparer signature Date Reviewer initials (if applicable) Date

2026 EDUCATION QUICK REFERENCE

American Opportunity Credit	Up to $2,500 per student (40% refundable, up to $1,000); first 4 years only
Lifetime Learning Credit	Up to $2,000 per return (20% of $10,000); not refundable
Credit MAGI phase-out (both credits)	$80,000–$90,000 single • $160,000–$180,000 MFJ (not inflation-adjusted)
Student loan interest deduction	Up to $2,500; phase-out $85,000–$100,000 single • $175,000–$205,000 MFJ
Kiddie tax threshold (unearned income)	$2,700
Employer educational assistance (§ 127)	$5,250 tax-free federally (includes student loan payments); MN adds back the excess
529 plan changes (OBBBA)	K-12 tuition limit $20,000 (from 2026); credentialing expenses now qualified; 529-to-Roth rollover up to $35,000 lifetime
Due diligence penalty (IRC § 6695(g))	$650 per failure for returns filed in 2026 (inflation-adjusted yearly)