
Client Letters**¶1163 Charitable deduction for hosting a student in your home.****To the practitioner:**

For background information on the charitable deduction discussed in this letter, see Federal Tax Coordinator ¶ K-3651 United States Tax Reporter ¶ 1704.33 . For foreign students as dependents, see Federal Tax Coordinator ¶ A-3623 .

You mentioned that you have agreed to have a foreign high school student stay in your home for the school year while he attends your local high school with your son. You asked whether you can deduct any of the cost of maintaining the student during that period.

You can deduct as a charitable contribution up to \$50 a month for the cost of hosting a student in your home under a written arrangement with a sponsoring organization.

The student must be in the 12th grade or lower and cannot be your relative or dependent. He must be attending school on a full-time basis.

The student must be a member of your household under a written agreement between you and an organization to implement a program of the organization to provide educational opportunities for students in private homes. The organization must be a charitable organization, war veterans organization, or domestic fraternal lodge. It cannot be a government agency.

If you qualify, you can deduct your expenses for hosting the student, limited to \$50 for each full calendar month of qualification. (A month in which the student qualifies for at least 15 days counts as a full month.) Expenses include amounts you pay to insure the student's well being and to further his education, e.g., expenses for books, tuition, food, clothing, transportation, medical and dental care, and recreation. You cannot include costs you would incur in any event, such as for insurance, repairs, taxes, or mortgage interest on your home. You also cannot include amounts for depreciation, or for the value of lodging or any services you provide the student. And if you receive any payment (partial or full) as compensation or reimbursement for your costs, no deduction is available.

While it is common to refer to a student taken into your home as an "exchange" student, in fact, if the student is foreign and the arrangement is under a mutual exchange program under which a child of yours lives with a family in a foreign country, the deduction isn't allowed.

In connection with this deduction you must keep records of your qualifying expenses. You also have to attach a copy of the agreement with the sponsoring organization to your tax return, as well as a summary of the expenses paid for the student and a statement as to (i) the date he became a member of your household, (ii) the school's name and location, and (iii) the student's period of attendance.

Note that since the student is in the U.S. only temporarily, he generally isn't considered a U.S. resident and therefore you can't claim him as a dependent on your return.

I hope this information is useful to you. Please call if you wish to discuss this matter further.

Sincerely,

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