



Rotary District 5160 Youth Exchange

Dear Rotary Host Family,

Tax time is drawing near, and although we are not tax accountants, or attorneys, and are not giving you legal advice, we wish to inform you that you may be eligible for certain tax deductions due to your appreciated contribution to the community by hosting a Rotary Youth Exchange Student.

IRS Publication 526 (Charitable Contributions) has information on record keeping responsibilities and contributions expenses you may be able to deduct for having a qualified foreign student live with you. You can download Publication 526 from the IRS website <http://www.irs.gov/pub/irs-pdf/p526.pdf> . We have enclosed with this letter an extract from Publication 526 for your convenience, but we also recommend that you consult your accountant, tax advisor or the IRS for specific advice and that you bring this letter with you when you have your taxes prepared.

Rotary Youth Exchange is a part of Rotary International District 5160 which is a non-profit organization recognized as such under section 501(c)(3) of the Internal revenue Code (Tax ID 87-0767398). We are designated by the US Department of State as a sponsor of the Exchange Visitor Program in accordance with administrative regulations issued under the Mutual Education and Cultural Exchange Act. The host family application you signed constitutes the required written agreement to host the exchange student.

Thank you for opening up your hearts and your home to an exchange student.

Rotary Youth Exchange Committee
District 5160
1945 Hackett Drive
Woodland, CA 95776

IRS PUBLICATION 536 EXTRACT

Expenses Paid for Student Living With You

You may be able to deduct some expenses of having a student live with you. You can deduct qualifying expenses for a foreign or American student who:

1. Lives in your home under a written agreement between you and a qualified organization (defined later) as part of a program of the organization to provide educational opportunities for the student,
2. Is not your relative (defined later) or dependent (also defined later), and
3. Is a fulltime student in the twelfth or any lower grade at a school in the United States.

TIP You can deduct up to \$50 a month for each full calendar month the student lives with you. Any month when conditions (1) through (3) above are met for 15 or more days counts as a full month.

Qualified organization.

For these purposes, a qualified organization can be any of the organizations described earlier under Types of Qualified Organizations, except those in (4) and (5). For example, if you are providing a home for a student as part of a state or local government program, you cannot deduct your expenses as charitable contributions. But see Foster parents under Out of Pocket Expenses in Giving Services, later, if you provide the home as a foster parent.

Relative.

The term “relative” means any of the following persons.

- Your child, stepchild, foster child, or a descendant of any of them (for example, your grandchild).
- A legally adopted child is considered your child.
- Your brother, sister, half-brother, half-sister, stepbrother, or stepsister.
- Your father, mother, grandparent, or other direct ancestor.
- Your stepfather or stepmother.
- A son or daughter of your brother or sister.
- A brother or sister of your father or mother.
- Your son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law.

Dependent.

For this purpose, the term “dependent” means:

1. A person you can claim as a dependent, or
2. A person you could have claimed as a dependent except that:
 - a. He or she received gross income of \$3,900 or more,
 - b. He or she filed a joint return, or
 - c. You, or your spouse if filing jointly, could be claimed as a dependent on someone else's return.

TIP: Foreign students brought to this country under a qualified international education exchange program and placed in American homes for a temporary period generally are not U.S. residents and cannot be claimed as dependents.

Qualifying expenses.

You may be able to deduct the cost of books, tuition, food, clothing, transportation, medical and dental care, entertainment, and other amounts you actually spend for the wellbeing of the student.

Expenses that do not qualify.

You cannot deduct depreciation on your home, the fair market value of lodging, and similar items not considered amounts actually spent by you. Nor can you deduct general household expenses, such as taxes, insurance, and repairs.

Reimbursed expenses.

In most cases, you cannot claim a charitable contribution deduction if you are compensated or reimbursed for any part of the costs of having a student live with you. However, you may be able to claim a charitable contribution deduction for the unreimbursed portion of your expenses if you are reimbursed only for an extraordinary or onetime item, such as a hospital bill or vacation trip, you paid in advance at the request of the student's parents or the sponsoring organization.

Mutual exchange program. You cannot deduct the costs of a foreign student living in your home under a mutual exchange program through which your child will live with a family in a foreign county.