

Teachers can claim \$500 credit

Fill out Form EQC to qualify for local tax rebate

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When it comes to tax time, Guam educators may be in a better situation than their stateside counterparts, thanks to a local law last year that could put as much as \$500 back into the pocket of every qualified island educator in the form of a rebate.

The rebate, under Public Law 28-20, is meant to help island school-teachers cope with personal expenses for such classroom necessities as chalks, crayons and poster boards.

Before the educators' tax rebate went into effect, Guam teachers — public or private — could already avail of a \$250 yearly deduction set in place under federal tax rules.

But the \$250 federally authorized deduction does not have as much of an impact as the local tax rebate.

The deduction simply allows an educator to subtract up to \$250 of qualified out-of-pocket expenses when figuring adjusted gross income.

The local tax credit of up to \$500, however, gives a Guam educator — teachers, principals and aides included — that much additional money every year, if the rebates are paid on time.

For example, if an educator does not owe a tax payment upon filing his or her tax return, the educator gets the full tax credit of \$500 back into his or her pocket, according to the local law, dubbed the "Educator's Appreciation Act."

When claiming the local tax credit for educators, however, it's important to have a file of your receipts showing what classroom materials you paid for and how much you paid for those items, said Alberto Pangilinan, who's been in the tax-preparation business for 22 years.

"I know every teacher on the island spends so much money," Pangilinan said of local educators' personal expenses for instructional materials.

But claiming the tax rebate for educators becomes a problem, he acknowledged, if the educators have not been diligent about keeping receipts.

Pangilinan said he requires receipts to include the educator's tax rebate in



Masako Watanabe/Pacific Daily News/mwatanabe@guampdn.com

Concentration: A student studies at Ordot-Chalan Pago Elementary School on March 2. Local educators can put as much as \$500 back in their pockets in the form of a tax rebate.

ON THE NET

▲ To access the Guam educator's qualifying certificate form, log on to www.govguamdocs.com

WHAT LOCAL LAW SAYS

▲ When a tax return is accompanied by an educator's qualifying certificate, the amount of tax due prior to the rebate shall be deposited with the government of Guam at the time of filing the income tax return. If no payment is due at the time the tax return is filed, the tax commissioner of Guam shall credit the amount of the educator's qualifying certificate to the Rebate Fund from taxes paid by the taxpayer. If absent a finding by the tax commissioner that the rebate is not payable, the rebate

preparing a tax return.

To qualify for the local educators' tax credit, a taxpayer must fill out the "Form EQC," short for educator's qualifying certificate.

The form allows educators to

shall be withdrawn from the deposit and returned to the taxpayer within 180 days of the deposit without interest.

Public Law 28-20

WHAT FEDERAL LAW SAYS

▲ Educators will be able to deduct up to \$250 of classroom expenses. The deduction is available to eligible educators in public or private elementary or secondary schools. To be eligible, a person must work at least 900 hours during a school year as a teacher, instructor, counselor, principal or aide. An educator may subtract up to \$250 of qualified out-of-pocket expenses when figuring adjusted gross income.

*Internal Revenue Service,
www.irs.gov*

itemize out-of-pocket expenses such as payment for books, classroom supplies and computer equipment.

Once the form has been filled out, the educator must first have the expenses signed by his or her su-

pervisor, whose signature basically is a certification that the teacher has not been reimbursed by the school or government for those out-of-pocket expenses, Pangilinan said.

A teacher, for example, will need his or her school's principal or assistant principal to certify the teacher's personal expenses were not reimbursed, he added.

The federal law allowing for a \$250 deduction also requires diligent receipt-keeping.

"The IRS suggests that educators keep records of qualifying expenses in a folder or envelope with a label such as 'Educator Expense Deduction,' noting the date, amount and purpose of each purchase. This will help prevent a missed deduction at tax time," according to the Internal Revenue Service Web site, www.irs.gov.

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