



Mission Statement: ...**reaching out to encourage a lifelong journey of global peace and understanding**

Dear CETUSA Host Family,

January, 2010

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 CETUSA foreign exchange student during 2009.

IRS Publication 526 (Charitable Contributions) has information on record keeping responsibilities and contribution expenses you may be able to deduct for having a qualified foreign student live with you during 2009. 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.

CETUSA is a non-profit educational organization recognized as such under section 501c(3) of the Internal Revenue Code. 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 profile you signed constitutes the required written agreement to host the exchange student.

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

Council for Educational Travel USA
("CETUSA")

Enclosure

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IRS PUBLICATION 526 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, and
3. Is a full-time student in the twelfth or any lower grade at a school in the United States.



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 *Organizations That Qualify To Receive Deductible Contributions*, except those in (4) and (5). For example, if you are providing a home for a student through a state or local government agency, you cannot deduct your expenses as charitable contributions.

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

- Your child, stepchild, eligible 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.

Qualifying expenses. Expenses that you may be able to deduct include the cost of books, tuition, food, clothing, transportation, medical and dental care, entertainment, and other amounts you actually spend for the well-being of the student.

Expenses that do not qualify. Depreciation on your home, the fair market value of lodging, and similar items are not considered amounts spent by you. In addition, general household expenses, such as taxes, insurance, repairs, etc., do not qualify for the deduction.

Reimbursed expenses. If you are compensated or reimbursed for any part of the costs of having a student living with you, you cannot deduct any of your costs. However, if you are reimbursed for only an extraordinary or a one-time item, such as a hospital bill or vacation trip, that you paid in advance at the request of the student's parents or the sponsoring organization, you can deduct your expenses for the student for which you were not reimbursed.

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 country.

Reporting expenses. For a list of what you must file with your return if you deduct expenses for a student living with you, see *Reporting expenses for student living with you* under *How To Report*, later.