

PATH Act of 2015 Enhances 529 College Savings Plans

Now, computers, related equipment, software, and internet access expenses used primarily by the Beneficiary while enrolled in college will be considered qualified higher education expenses.

Source: the PATH ACT, December 2015

Computers means desktops, laptops, or tablets

IR Code defines the term as: a programmable electronically activated device which is capable of accepting information, applying prescribed processes to the information, and supplying the results of these processes with or without human intervention, and consists of a central processing unit containing extensive storage, logic, arithmetic, and control capabilities.

- IR Code Section 168(i)(2)(B)

Related peripheral equipment means printers, scanners, or monitors

IR Code defines the term as any auxiliary machine (whether on-line or off-line) which is designed to be placed under the control of the central processing unit of a computer.

Exceptions: any equipment which is an integral part of other property which is not a computer, typewriters, calculators, adding and accounting machines, copiers, duplicating equipment, and similar equipment, and equipment of a kind used primarily for amusement or entertainment of the user.

- IR Code Section 168(i)(2)(B)

Computer software must be education-based software

IR Code defines the term as any program which is readily available for purchase by the general public, is subject to a nonexclusive license, has not been substantially modified, and designed to cause a computer to perform a desired function. Such term shall not include any data base or similar item unless the data base or item is in the public domain and is incidental to the operation of otherwise qualifying computer software.

- IR Code Section 168(i)(2)(B)

Internet Access means any publicly sold access, for the primary user.

If it's part of a bundle, it does not include the costs related to phone and/or cable/pay tv services.