

ASHWORTH & ASSOCIATES, P.C.

Newsletter

I know that qualified withdrawals from college savings plans are now exempt from federal income tax. But what about state taxes?

Answer:

Although qualified withdrawals from college savings plans won't be taxed on your federal income tax return, state income tax treatment may differ. Some state income tax benefits (e.g., tax-free treatment of qualified withdrawals, tax deduction for contributions) may be provided only to state residents who invest in their state's 529 plan. You'll need to check the laws of your state.