

EDUCATION TAX CREDITS

The **American Opportunity Tax Credit** is a refundable tax credit for undergraduate college education expenses. This credit provides up to \$2,500 in tax credits on the first \$4,000 of qualifying educational expenses. The tax credit is scheduled to have a limited life span: it will be available only for the years **2009 through 2017** , unless Congress decides to extend the credit to other years.

Details of the American Opportunity Credit

The credit is worth up to \$2,500 on the first \$4,000 of qualifying educational expenses, which include course materials as well as tuition. The American Opportunity credit applies to all four years of undergraduate college education. The credit is gradually reduced (or "phased out") for people with [modified adjusted gross income](#) from \$80,000 to \$90,000 (or \$160,000 to \$180,000 for joint filers). The tax credit is not available for people with incomes above the phase out range. This phase-out range applies for the years 2014 and 2015.

The **Lifetime Learning Credit** is a tax credit for any person who takes college classes. It provides a tax credit of 20% of tuition expenses, with a maximum of \$2,000 in tax credits on the first \$10,000 of college tuition expenses. You can claim the Lifetime Learning Credit on your tax return if you, your spouse, or your dependents are enrolled at an eligible educational institution and you were responsible for paying college expenses. Unlike the [American Opportunity credit](#), you need not be in the first four years of undergraduate

classes. Even if you took only one class, you may take advantage of the Lifetime Learning Credit.