

Two Tax Credits Help Pay Higher Education Costs

Did you, your spouse or your dependent take higher education classes last year? If so, you may be able to claim the American Opportunity Credit or the Lifetime Learning Credit to help cover the costs. Here are some facts from the IRS about these important credits.

The **American Opportunity Credit** is:

- Worth up to \$2,500 per eligible student.
- Only available for the first four years at an eligible college or vocational school.
- Subtracted from your taxes but can also give you a refund of up to \$1,000 if it's more than your taxes.
- For students earning a degree or other recognized credential.
- For students going to school at least half-time for at least one academic period that started during the tax year.
- For the cost of tuition, books and required fees and supplies.

The **Lifetime Learning Credit** is:

- Limited to \$2,000 per tax return, per year, no matter how many students qualify.
- For all years of higher education, including classes for learning or improving job skills.
- Limited to the amount of your taxes.
- For the cost of tuition and required fees, plus books, supplies and equipment you must buy from the school.

For [both credits](#):

- Your school should give you a Form 1098-T, Tuition Statement, showing expenses for the year. Make sure it's correct.
- You must file [Form 8863](#), Education Credits, to claim these credits on your tax return.
- You can't claim either credit if someone else claims you as a dependent.
- You can't claim both credits for the same student or for the same expense, in the same year.
- The credits are subject to income limits that could reduce the amount you can claim on your return.
- Visit [IRS.gov](https://www.irs.gov) and use the [Interactive Tax Assistant tool](#) to see if you're eligible to claim these credits.