



# **IRS Tax Tip 2015-33: Education Tax Credits: Two Benefits to Help You Pay for College**

*Internal Revenue Service (IRS) sent this bulletin at 03/06/2015 09:00 AM EST*



IRS Tax Tips

March 6, 2015

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## **Issue Number: IRS Tax Tip 2015-33** **Inside This Issue**

### **Education Tax Credits: Two Benefits to Help You Pay for College**

Did you pay for college in 2014? If you did it can mean tax savings on your federal tax return. There are two education credits that can help you with the cost of higher education. The credits may reduce the amount of tax you owe on your tax return. Here are some important facts you should know about education tax credits.

#### **American Opportunity Tax Credit:**

- You may be able to claim up to \$2,500 per eligible student.
- The credit applies to the first four years at an eligible college or vocational school.
- It reduces the amount of tax you owe. If the credit reduces your tax to less than zero, you may receive up to \$1,000 as a refund.
- It is available for students earning a degree or other recognized credential.
- The credit applies to students going to school at least half-time for at least one academic period that started during the tax year
- Costs that apply to the credit include the cost of tuition, books and required fees and supplies.
- Lifetime Learning Credit:

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- The credit is limited to \$2,000 per tax return, per year.
- The credit applies to all years of higher education. This includes classes for learning or improving job skills.
- The credit is limited to the amount of your taxes.
- Costs that apply to the credit include the cost of tuition, required fees, books, supplies and equipment that you must buy from the school.

### For both credits:

- The credits apply to an eligible student. Eligible students include yourself, your spouse or a dependent that you list on your tax return.
- You must file Form 1040A or Form 1040 and complete [Form 8863](#), Education Credits, to claim these credits on your tax return.
- Your school should give you a Form 1098-T, Tuition Statement, showing expenses for the year. This form contains helpful information needed to complete Form 8863. The amounts shown in Boxes 1 and 2 of the form may be different than what you actually paid. For example, the form may not include the cost of books that qualify for the credit.
- 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 and use the [Interactive Tax Assistant](#) tool to see if you're eligible to claim these credits. Also visit the IRS [Education Credits](#) Web page to learn more. If you can't claim a tax credit, check the other [tax benefits](#) you might be able to claim.

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### Additional IRS Resources:

- [Publication 970](#), Tax Benefits for Education
- [American Opportunity Tax Credit](#)
- [Lifetime Learning Credit](#)
- [American Opportunity Tax Credit: Questions and Answers](#)

## IRS YouTube Videos:

- *Education Tax Credits* – [English](#) | [Spanish](#) | [ASL](#)

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