



IRS Summertime Tax Tip 2016-14: Back to School? Learn about Tax Credits for Education

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IRS Tax Tips

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Back to School? Learn about Tax Credits for Education

If you pay for college in 2016, you may receive some tax savings on your federal tax return, even if you're studying outside of the U.S. Both the [American Opportunity Tax Credit](#) and the [Lifetime Learning Credit](#) may reduce the amount of tax you owe, but only the AOTC is partially refundable.

Here are a few things you should know about education credits:

- **American Opportunity Tax Credit** – The [AOTC](#) is worth up to \$2,500 per year for an eligible student. This credit is available for the first four years of higher education. Forty percent of the AOTC is refundable. That means, if you're eligible, you can get up to \$1,000 of the credit as a refund, even if you do not owe any tax.
- **Lifetime Learning Credit** – The [LLC](#) is worth up to \$2,000 per tax return. There is no limit on the number of years that you can claim the LLC for an eligible student.
- **Qualified expenses** – You may use only [qualified expenses](#) paid to figure your credit. These expenses include the costs you pay for tuition, fees and other related

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expenses for an eligible student to enroll at, or attend, an eligible educational institution. Refer to [IRS.gov](#) for more on the rules that apply to each credit.

- **Eligible educational institutions** â€” [Eligible educational schools](#) are those that offer education beyond high school. This includes most colleges and universities. Vocational schools or other postsecondary schools may also qualify. If you aren't sure if your school is eligible:
 - Ask your school if it is an eligible educational institution, or
 - See if your school is on the U.S. Department of Education's Accreditation [database](#).
- **Form 1098-T** â€” In most cases, you should receive [Form 1098-T](#), Tuition Statement, from your school by February 1. This form reports your qualified expenses to the IRS and to you. The amounts shown on the form may be either: (1) the amount you paid for qualified tuition and related expenses, or (2) the amount that your school billed for qualified tuition and related expenses; therefore, the amounts shown on the form may be different than the amounts you actually paid. Don't forget that you can only claim an education credit for the [qualified tuition and related expenses](#) that you paid in the tax year and not just the amount that your school billed.
- **Income limits** â€” The education credits are subject to income limitations and may be reduced, or eliminated, based on your income.
- **Interactive Tax Assistant tool** â€” To see if you're eligible to claim education credits, use the [Interactive Tax Assistant tool](#) on [IRS.gov](#).

Additional IRS Resources:

- [Taxpayers Living Abroad](#)
- [Publication 54](#), Tax Guide for U.S. Citizens and Resident Aliens Abroad
- [Publication 519](#), U.S. Tax Guide for Aliens.
- [Publication 970](#), Tax Benefits for Education

IRS YouTube Videos:

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

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