

# EDUCATION TAX CREDITS

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## Education Credit

An education credit helps with the cost of higher education by reducing the amount of tax owed on your tax return. If the credit reduces your tax to less than zero, you may get a refund. There are two education credits available: the American Opportunity Tax Credit (AOTC) and the Lifetime Learning Credit (LLC).

### American Opportunity Credit (AOTC)

The AOTC is a credit for qualified education expenses paid for an eligible student for the first four years of higher education. You can get a maximum annual credit of \$2,500 per eligible student. If the credit brings the amount of tax you owe to zero, you can have 40 percent of any remaining amount of the credit (up to \$1,000) refunded to you.

The amount of the credit is 100 percent of the first \$2,000 of qualified education expenses you paid for each eligible student and 25 percent of the next \$2,000 of qualified education expenses you paid for that student.

### Lifetime Learning Credit (LLC)

The LLC is for qualified tuition and related expenses paid for eligible students enrolled in an eligible educational institution. This credit can help pay for undergraduate, graduate and professional degree courses — including courses to acquire or improve job skills. There is no limit on the number of years you can claim the credit. It is worth up to \$2,000 per tax return.

For more information on the AOTC or the LLC, contact the Internal Revenue Service or your tax preparer. The AOTC and LLC cannot be claimed by the same taxpayer in the same year.