

# EDUCATION TAX CREDITS

---



## 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 tax credit of up to \$2,500 of the cost of tuition, certain required fees and course materials needed for attendance and paid during the tax year. Also, 40% of the credit, for which you qualify, that is more than the tax you owe (up to \$1,000) can be refunded to you.

The tax credit is calculated based on 100% of the first \$2,000 of qualifying expenses, plus 25% of the next \$2,000 paid during the tax year.

### Lifetime Learning Credit (LLC)

The Lifetime Learning Credit (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.

Contact the Internal Revenue Service or your tax preparer for more information. The AOTC and LLC cannot be claimed by the same taxpayer in the same year.