



DON'T TAX YOURSELF

A Publication of Bowditch & Dewey's Estate, Financial & Tax Planning Group

Help Paying for College – Federal Tax Credits

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Education income tax credits are one way students and parents can help pay for college. There are two types of federal tax credits available to taxpayers: the American opportunity tax credit (AOTC) and the lifetime learning tax credit (LLC). These tax credits reduce your federal income tax dollar for dollar and may even be refundable (if the credit exceeds your tax for the year, but with limitations).

You may claim the credit if:

- You, your dependent or a third party pays qualified education expenses for higher education
- An eligible student is enrolled at an eligible educational institution
- The eligible student is you, your spouse or a dependent you list on your tax return

You may not claim the credit if:

- Someone else, such as your parents, lists you as a dependent on their tax return
- Your filing status is married filing separate
- You already claimed or deducted another higher education benefit using the same student or same expense
- You (or your spouse) were a non-resident alien for any part of the year and did not choose to be treated as a resident alien for tax purposes

How much is the credit:

- The AOTC is \$2,500 per year and can be used for the first four years of post-secondary education. The student must be enrolled at least half-time in a program leading to a degree or other recognized credential. Up to 40% of the credit may be refundable if the tax credit exceeds the income tax for the year.

- The LLC is \$2,000 per year and does not require the student to be enrolled in a degree seeking program.

Income limits:

- Both credits are be limited based on income. For single taxpayers and head of household, the income limit is \$80,000. Married taxpayers can have a modified adjusted gross income of up to \$180,000.

How to claim the credit:

- The tax credit is claimed on [Form 8863](#)

Where to find more information:

- The IRS has an [interactive app to assist taxpayers](#) in determining which credit they may qualify for
- The IRS has also produced a [chart comparing the two credits](#)
- The IRS provides [instructions to Form 8863](#) on its website