

## American Opportunity and Lifetime Learning Tax Credits

Your school has provided the enclosed IRS Form 1098-T to help you or your parents determine eligibility for the American Opportunity (formerly Hope Scholarship) or Lifetime Learning Credits. These are education tax credits that might reduce your 2023 federal income tax liability. The amounts reported on your Form 1098-T may assist you in completing the IRS Form 8863 – the form used for calculating the education tax credits that a taxpayer may claim as part of their tax return.

You can find detailed information about claiming education tax credits in [IRS Publication 970](#), starting at page 9.

Depending on your income (or your family's income, if you are a dependent), whether you were considered full or half-time enrolled, and the amount of your qualified educational expenses for the year, you may be eligible for a federal education tax credit. Your college is not able to provide you with individual tax advice, but should you have questions, you should seek the counsel of an informed tax preparer or advisor.

### The American Opportunity Credit

- The credit can be up to \$2,500 per eligible student.
- It is available for the first four years of post-secondary education.
- Forty percent of the credit is refundable, which means that you may be able to receive up to \$1,000, even if you owe no taxes.
- The student must be pursuing an undergraduate degree or other recognized educational credential.
- The student must be enrolled at least half time for at least one academic period.
- Qualified expenses include tuition and fees, course related books, supplies and equipment.
- The full credit is generally available to eligible taxpayers who make less than \$80,000 or \$160,000 for married couples filing a joint return. The credit is phased out for single filers whose income is between \$80,000 and \$90,000 or between \$160,000 and \$180,000 for married couples filing a joint return.

### The Lifetime Learning Credit

- The credit can be up to \$2,000 per eligible student.
- It is available for all years of postsecondary education and for courses to acquire or improve job skills.
- The maximum credit is limited to the amount of tax you must pay on your return.
- The student does not need to be pursuing a degree or other recognized education credential.
- Qualified expenses include tuition and fees, course related books, supplies and equipment.
- The full credit is generally available to eligible taxpayers who make less than \$80,000 or \$160,000 for married couples filing a joint return.

Please note the Box 1 amount reported represents the total amount of Qualifying Tuition and Related Expenses (QTRE) you *paid* during the year. However, the amount reported in Box 1 may be different from what you actually paid. When calculating the credit, use only the amounts you paid in 2023 for qualified education expenses.

### Who qualifies for these credits?

Only taxpayers qualify for the credits. If you are claimed as a dependent on someone else's tax return, that person may qualify for one of the credits. A taxpayer may qualify if the taxpayer (you or the person who claims you as a dependent) is paying for higher education costs for the taxpayer or their dependents, AND the taxpayer's 2023 modified adjusted gross income is within IRS defined limits. There are certain limitations specific to each of the tax credits. The college you attend cannot determine if you qualify for one of the credits or the amount of the credit due to you.

To receive either tax credit, taxpayers must account for, document the amount paid for tuition and other expenses on IRS Form 8863 and file it with their 2023 federal income tax return. Your school provides Form 1098-T to summarize your financial information, to document your enrollment, your enrollment status and to indicate whether you are a graduate student. **You do not file Form 1098-T with your tax return.** Instead, you should keep it with your tax records.

### Where can I get more information?

If you believe you or your parents might qualify for one of the tax credits, you should obtain **IRS Publication 970** and **IRS Form 8863** for more information. To obtain copies, call 1-800-TAX-FORM or go to <http://www.irs.gov/>. You may also want to consult a professional tax advisor.

*Disclaimer: All information on this form was accurate as of the date of its printing. Information may be subject to late changes instituted by the IRS. Check the IRS Resources listed above for the most current information.*