

Back-to-School Tax Tips for Students and Parents

Going to college can be a stressful time for students and parents. The IRS offers these tips about education tax benefits that can help offset some college costs and maybe relieve some of that stress.

- **American Opportunity Tax Credit.** This credit can be up to \$2,500 per eligible student. The AOTC is available for the first four years of post-secondary education. Forty percent of the credit is refundable. That means that you may be able to receive up to \$1,000 of the credit as a refund, even if you don't owe any taxes. Qualified expenses include tuition and fees, course related books, supplies and equipment. A recent law extended the AOTC through the end of Dec. 2017.
- **Lifetime Learning Credit.** With the LLC, you may be able to claim up to \$2,000 for qualified education expenses on your federal tax return. There is no limit on the number of years you can claim this credit for an eligible student.

You can claim only one type of education credit per student on your federal tax return each year. If you pay college expenses for more than one student in the same year, you can claim credits on a per-student, per-year basis.

- **Student loan interest deduction.** Other than home mortgage interest, you generally can't deduct the interest you pay. However, you may be able to deduct interest you pay on a qualified student loan. The deduction can reduce your taxable income by up to \$2,500. You don't need to itemize deductions to claim it.

These education benefits are subject to income limitations and may be reduced or eliminated depending on your income.

Source IRS.gov