



# IRS Tax Tip 2016-36: Tax Savings from Higher Education Costs

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IRS Tax Tips

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## Issue Number: IRS Tax Tip 2016-36 Inside This Issue

### Tax Savings from Higher Education Costs

Money you paid for higher education in 2015 can mean tax savings in 2016. If you, your spouse or your dependent took post-high school coursework last year, there may be a tax credit or deduction for you. Here are some facts from the IRS about key tax breaks for higher education.

#### The American Opportunity Credit (AOTC) is:

- Worth up to \$2,500 per eligible student.
- Used only for the first four years at an eligible college or vocational school.
- For students earning a degree or other recognized credential.
- For students going to school at least half-time for at least one academic period that started during or shortly after the tax year. Claimed on your tax return using [Form 8863](#), Education Credits.

#### The Lifetime Learning Credit (LLC) is:

- Worth up to \$2,000 per tax return, per year, no matter how many students qualify.
- For all years of higher education, including classes

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for learning or improving job skills.

- Claimed on your tax return using [Form 8863](#), Education Credits.

The **Tuition and Fees Deduction** is:

- Claimed as an adjustment to income.
- Claimed whether or not you itemize.
- Limited to tuition and certain related expenses required for enrollment or attendance at eligible schools.
- Worth up to \$4,000.

**Additionally:**

- You should receive [Form 1098-T](#), Tuition Statement, from your school by Feb. 1, 2016. Your school also sends a copy to the IRS.
- You may only claim qualifying expenses paid in 2015.
- You can't claim either credit if someone else claims you as a dependent.
- You can't claim either AOTC or LLC and the Tuition and Fees Deduction for the same student or for the same expense, in the same year.
- Income limits could reduce the amount of credits or deductions you can claim.
- The [Interactive Tax Assistant tool](#) on IRS.gov can help you check your eligibility.

**IRS Free File.** You can use IRS Free File to prepare and e-file your federal tax return for free. File Form 8863, Education Credits, with your Form 1040. Free File is only available at [IRS.gov/freefile](https://www.irs.gov/freefile).

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. These are your [Taxpayer Bill of Rights](#). Explore your rights and our obligations to protect them on IRS.gov.

**Additional IRS Resources:**

- [Tax Benefits for Education: Information Center](#)
- [Education Credits--AOTC and LLC](#)
- [American Opportunity Tax Credit](#)
- [Lifetime Learning Credit](#)
- [American Opportunity Tax Credit: Questions and Answers](#)
- [Form 8917](#), Tuition and Fees Deduction
- [Publication 970](#), Tax Benefits for Education

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[Back to Top](#)

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