Students or Parents, YOU may be eligible to claim a federal income tax credit for certain educational expenses.

In 1997, the federal government created two tax credit programs for eligible higher education expenses—the Hope Scholarship and Lifetime Learning credits.

In 2009, the American Recovery and Reinvestment Act (stimulus plan), expanded the credits available for students pursuing higher education.

This new education credit called the American Opportunity Tax Credit is available through the 2012 tax year. This is a modification of the Hope Credit.

**Notice:** Information on this page is not tax advice. This is to inform students and families of higher education tax credits.

**FEDERAL TAX CREDITS**

**AMERICAN OPPORTUNITY TAX CREDIT (AOC)**

*Expansion of the Hope Credit through the 2012 tax year:*

- **MAXIMUM CREDIT INCREASED:** The maximum amount of the AOC is $2,500 per student. This is up from previous years.

- **FOUR YEARS COVERED:** The credit can be claimed for the first four years of post-secondary education, doubling the previous duration of the Hope credit.

- **REFUNDABLE:** Generally, 40% of the AOC is now a refundable credit for most taxpayers, which means that you may receive up to $1,000 even if you owe no taxes.

- **FAMILIES WITH HIGHER INCOMES ARE ELIGIBLE:** Families with incomes up to $180,000 may qualify for the AOC.

  *The credit is phased out (gradually reduced) for modified adjusted gross incomes (AGI) between $80,000 and $90,000 ($160,000 and $180,000 if filing a joint return).*

- **MORE EXPENSES QUALIFY:** The term "qualified tuition and related expenses" has been expanded to include books, supplies, and equipment needed for a course of study.

* Source: IRS.gov

For more information and guidance, please visit [WWW.IRS.GOV/RECOVERY](http://WWW.IRS.GOV/RECOVERY)