

# IRS News Release

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## Last-Minute Reminder to Parents and Students; Don't Overlook College Tax Benefits

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*Education Tax Credit - Claim It - Students:* [English](#) | [ASL](#)

*Podcast:* [Education Tax Credits and Deductions](#)

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WASHINGTON — The Internal Revenue Service today reminded parents and students rushing to meet this year's April 17 deadline to be sure and check out several college-related tax benefits before filing their 2011 returns.

Two tax credits and a tax deduction are available to taxpayers who paid tuition and other expenses for an eligible student during 2011. Because an eligible student can be the taxpayer, spouse or dependent, these benefits can, for example, help workers taking continuing education courses and people returning to school, as well as parents paying for their children's college education.

Given the number of different higher education credits and deductions, the IRS reminds taxpayers to carefully review eligibility requirements so they don't overlook these important college benefits. Tax benefits include the following:

- The American Opportunity Tax Credit helps pay for the first four years of post-secondary education. Tuition, required enrollment fees, books and other required course materials generally qualify, and eligible students must be enrolled at least half time. Qualifying expenses of \$4,000 or more in 2011 can earn a taxpayer the maximum credit of \$2,500 per student per year. Even taxpayers who owe no tax can get a payment of the credit of up to \$1,000 for each eligible student. The credit is claimed on [Form 8863](#). But the IRS warns taxpayers to avoid an often-costly [tax scam](#), currently being promoted widely to senior citizens, low-income families and church members falsely claiming that refunds based on the credit are available, even if they're not currently enrolled in college and even if they went to school decades ago. In addition, some international students, normally considered [nonresident aliens](#) for tax purposes, have been improperly advised that they qualify for the credit.

- The Lifetime Learning Credit, limited to \$2,000 per taxpayer per year, can be claimed based on tuition and required enrollment fees paid for any level of post-secondary education. Because of differences between the two credits and the fact that the American Opportunity Tax Credit usually yields greater tax savings at the undergraduate level, the Lifetime Learning Credit may be particularly helpful to graduate students, students taking only one course and those who are not pursuing a degree. The Lifetime Learning Credit is also claimed on Form 8863.
- The tuition and fees deduction is available for both full-time and part-time students at all levels of post-secondary education. The deduction of up to \$4,000 is claimed on [Form 8917](#).

Each year, a student normally receives a [Form 1098-T](#) from their college showing tuition payments and other information.

Though a taxpayer often qualifies for more than one of these benefits, he or she can only claim one of them for a particular student in 2011. Income limits and other special rules apply to each of these benefits. The general comparison table in [Publication 970](#) can be a useful guide to taxpayers in determining eligibility for each of these benefits.

Often, tax credits are more valuable, because they reduce the amount of tax owed, whereas deductions reduce the income on which tax is figured. Tax software can often help parents and students determine which benefit yields the greatest tax savings.

Besides these tax benefits, parents, students and former students who made student loan payments during 2011 can deduct up to \$2,500 of student loan interest. Normally, borrowers receive from their financial institution [Form 1098-E](#) showing student loan interest paid for the year. This deduction is claimed on [Form 1040](#) Line 33 or Form 1040A Line 18. Income limits and other special rules apply. For example, the student must have been enrolled at least half time in a degree or certificate program. A worksheet in the tax form instructions can help taxpayers figure the deduction correctly.

The student loan interest deduction, the tuition and fees deduction and both tax credits can be claimed by eligible taxpayers, regardless of whether they itemize deductions on Schedule A. These benefits are available to both Form 1040 and 1040A filers. Details on these and other education-related deductions and credits can be found in the [Tax Benefits for Education Information Center](#) on IRS.gov.