

Tax Benefits for Education

There are two tax credits available to help offset the costs of higher education by reducing the amount of income tax.

The American Opportunity Credit amount can be up to \$2,500 for four tax years per eligible student. Qualified students are those who are not receiving Pell grants, who have not completed the first four years of postsecondary education, who are enrolled at least half time for at least one term in an undergraduate degree or certificate program, and who are free of any felony drug conviction. The tax credit is 100% of the first \$2,000 and 25% of the next \$2,000 out-of-pocket costs of tuition and fees, and course-related books, supplies and equipment.

For those not eligible to receive the American Opportunity Credit, the Lifetime Learning Credit is available. The amount of the tax credit can be up to \$2,000 for an unlimited amount of years per tax return. Lifetime Learning Credit is available for all years of postsecondary education and for courses to acquire or improve job skills. Qualified students are those who are not receiving Pell grants. There is no requirement that the student attend as much as half time, no degree requirement, and felony drug convictions are permitted. The tax credit is 20% of the first \$10,000 out-of-pocket costs of tuition and fees only.

Students should note that Gadsden State Community College does not furnish tax advice. Such financial advice can be obtained from a personal tax advisor. IRS Publication 970 contains information about the qualification requirements of these tax credit plans. Interested persons may obtain a copy of IRS Publication 970 from the IRS website at www.irs.gov. Gadsden State will mail a Tuition Statement (IRS Form 1098-T) by January 31st of the following year to applicable students. The Tuition Statement reports the amounts received during the year for qualified tuition and related expenses and provides the name and the telephone number of a Gadsden State contact person.