

## Taxpayer Relief

Scholarships, fellowships, grants and tuition reductions may not be taxable. Expenses that you incur for higher education offer you several ways to reduce your income taxes. If you plan carefully before you incur these expenses, you will receive the full benefit of the following tax breaks.

	American Opportunity Credit	Lifetime Learning Credit	Student Loan Interest Deduction	Tuition and Fees Deduction
<b>What is your benefit?</b>	40% of credit may be refundable (limited to \$1,000)	Credits can reduce amount of tax you must pay	Can deduct interest paid which can reduce the amount of income subject to tax	Can deduct expenses paid which can reduce the amount of income subject to tax
<b>What is the annual limit?</b>	\$2,500 per eligible student	\$2,000 credit per eligible student	\$2,500 deduction	\$4,000 deduction
<b>What expenses qualify besides tuition and required enrollment fees?</b>	Course-related books, supplies and equipment	Course-related books, supplies and equipment	Books, supplies, equipment, room and board, transportation, other necessary expenses	None *
<b>What education qualifies?</b>	First four years of undergraduate (postsecondary)	Undergraduate and graduate; courses to acquire or improve job skills	Undergraduate and graduate	Undergraduate and graduate
<b>What are some of the other conditions that apply?</b>	Can be claimed for only four tax years (which includes years Hope Credit claimed); must be enrolled at least half-time in degree program; no felony drug conviction(s)	None	Must have been at least half-time student in degree program	Cannot claim both deduction and education credit for same student in same year

*Information courtesy of [www.irs.gov](http://www.irs.gov).*

**CAUTION:** You generally cannot claim more than one benefit for the same education expense. This chart outlines some differences among the benefits. Do not rely on this chart alone. Income limits may apply. Contact a tax specialist or financial advisor to determine your eligibility.