

## Education Credit Worksheet

*Complete if client has a Form 1098-T or Other Education Expenses. Must have account summary from institution.*

1. Is the taxpayer being claimed by someone as a dependent?	<input type="checkbox"/> No <input type="checkbox"/> Yes, stop, education credit cannot be claimed.
2. Is the taxpayer's filing status married filing separately?	<input type="checkbox"/> No <input type="checkbox"/> Yes, stop, education credit cannot be claimed.
3. Was the student over age 18, but under age 24 at the end of the tax year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. Did the student receive a Form 1098-T from an eligible educational institution for the tax year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5. Did the student receive a Form 1098-T from this institution for the previous tax year with Box 2 filled in and Box 7 checked?	<input type="checkbox"/> Yes <input type="checkbox"/> No
6. Does the 1098-T for the current tax year have an amount in boxes 4 or 6?	<input type="checkbox"/> No <input type="checkbox"/> Yes, stop, out of scope
7. Has the Hope Scholarship Credit or American Opportunity Credit already been claimed for this student on 4 prior year tax returns, either on their return or someone that claimed them as a dependent's return?	<input type="checkbox"/> Yes <input type="checkbox"/> No
8. Was the student enrolled at least half-time?	<input type="checkbox"/> Yes <input type="checkbox"/> No
9. Did the student complete the first 4 years of post-secondary education before the tax year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
10. Was the student convicted, before the end of the tax year, of a felony for possession or distribution of a controlled substance?	<input type="checkbox"/> Yes <input type="checkbox"/> No
11. Did the student pay for books, supplies, or equipment out of their pocket?	<input type="checkbox"/> No <input type="checkbox"/> Yes; Amount: _____
12. Did scholarships or tax-free funds cover all educational expenses?	<input type="checkbox"/> Yes <input type="checkbox"/> No
13. Were room and board, insurance, medical expenses, transportation or other living expenses included in the tuition?	<input type="checkbox"/> No <input type="checkbox"/> Yes, subtract from qualified expenses
14. Did the student receive any refunds from tuition over-payments or class withdrawals?	<input type="checkbox"/> Yes <input type="checkbox"/> No
15. Which education credit is the client eligible for?	<input type="checkbox"/> AOC <input type="checkbox"/> Lifetime Learning Credit
16. What is the amount of eligible educational expenses?	Amount: _____

# Education Credits



**TaxSlayer Navigation:** Federal Section>Deductions>Credits Menu>Education Credits; or Keyword “EDUCA” or “886”

Probe/Action: To determine if a taxpayer qualifies for the education credit.



**CAUTION** Taxpayers who claim the American opportunity credit even though they are not eligible can be banned from claiming the credit for up to 10 years.

## Comparison of Education Credits

	American Opportunity Credit	Lifetime Learning Credit
<b>Maximum credit</b>	Up to \$2,500 credit per eligible student	Up to \$2,000 credit per return
<b>Limit on modified adjusted gross income (MAGI)</b>	\$180,000 if married filing jointly; \$90,000 if single, head of household, or qualifying widow(er)	\$138,000 if married filing jointly; \$69,000 if single, head of household, or qualifying widow(er)
<b>Refundable or nonrefundable</b>	40% of credit may be refundable <sup>1</sup> ; the rest is nonrefundable	Nonrefundable—credit limited to the amount of tax you must pay on your taxable income
<b>Number of years of postsecondary education</b>	Available ONLY if the student had not completed the first 4 years of postsecondary education before 2020	Available for all years of postsecondary education and for courses to acquire or improve job skills
<b>Number of tax years credit available</b>	Available ONLY for 4 tax years per eligible student (including any year(s) Hope credit was claimed)	Available for an unlimited number of tax years
<b>Type of program required</b>	Student must be pursuing a program leading to a degree or other recognized education credential	Student does not need to be pursuing a program leading to a degree or other recognized education credential
<b>Number of courses</b>	Student must be enrolled at least half-time for at least one academic period beginning during 2020 (or the first 3 months of 2021 if the qualified expenses were paid in 2020)	Available for one or more courses
<b>Felony drug conviction</b>	As of the end of 2020, the student had not been convicted of a felony for possessing or distributing a controlled substance	Felony drug convictions do not make the student ineligible
<b>Qualified expenses</b>	Tuition, required enrollment fees, and course materials that the student needs for a course of study whether or not the materials are bought at the educational institution as a condition of enrollment or attendance	Tuition and required enrollment fees (including amounts required to be paid to the institution for course-related books, supplies, and equipment)
<b>Payments for academic periods</b>	Payments made in 2020 for academic periods beginning in 2020 or beginning in the first 3 months of 2021	Payments made in 2020 for academic periods beginning in 2020 or beginning in the first 3 months of 2021
<b>TIN needed by filing due date</b>	Filers and students must have a TIN by the due date of their 2020 return (including extensions)	
<b>Educational institution's EIN</b>	You must provide the educational institution's employer identification number (EIN) on your Form 8863, Education Credits.	

### Footnote

<sup>1</sup> None of the credit is refundable if (1) the taxpayer claiming the credit is (a) under age 18 or (b) age 18 at the end of the year, and their earned income was less than one-half of their own support or (c) a full time student over 18 and under 24 and their earned income was less than one-half of their own support; and (2) the taxpayer has at least one living parent, and; (3) the taxpayer doesn't file a joint return.



**CAUTION** Emergency financial aid grants under the CARES Act for unexpected expenses, unmet financial need, or expenses related to the disruption of campus operations on account of the COVID-19 pandemic, such as unexpected expenses for food, housing, course materials, technology, health care, or childcare, are qualified disaster relief payments under section 139 of the Internal Revenue Code. This grant is not includible in gross income.

Because the emergency financial aid grant is not includible in gross income, taxpayers cannot claim any deduction or credit for expenses paid with the grant including the tuition and fees deduction, the American opportunity credit, or the lifetime learning credit.