

## Figuring Qualified Expenses for Education Credits to be Entered on Form 8863

Taxpayers will receive a Form 1098T from their school to report tuition and scholarship amounts. Information from the Form 1098T is **required** on the Form 8863, Part III.

The **American Opportunity Credit (AOC)** for education expenses will be the most helpful credit on most tax returns.

The AOC may be used for qualified education expenses paid for **four post-secondary education years**.

The Lifetime Learning Credit will only be used for students who are beyond their 4th year of post-secondary education, (i.e. Graduate Students, Continuing Education Students).

**Unlike** the Lifetime Learning Credit, qualified expenses for the AOC include not only tuition paid out-of-pocket, **but also** out-of-pocket expenses for books and other supplies that are **REQUIRED** course material.

Receipts, check-stubs, school billing statements and/or school payment records should be used to determine amounts paid for required books and other course materials when the AOC is being used.

### American Opportunity Credit (AOC)

(For students in first 4 years of post-secondary education)

Amount from Line 1 or Line 2 of Form 1098T: \$ \_\_\_\_\_  
(Payments Received.../Amounts Billed...)

Amount from Line 5 of Form 1098T: \$ ( \_\_\_\_\_ ) [SUBTRACT]  
(Scholarships or Grants, **must be subtracted**)

Total Out-of-Pocket for Tuition & Fees: \$ \_\_\_\_\_

Out-of-Pocket Expenses paid for Books &  
Required Course Materials: \$ \_\_\_\_\_ [ADD]

Amount for Form 8863 Part III, Line 27: \$ \_\_\_\_\_ (Max \$4,000)

Taxpayer Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Preparer Signature: \_\_\_\_\_

Date: \_\_\_\_\_

### Lifetime Learning Credit

(For part-time/post-graduate/continuing-education students)

Amount from Line 1 or Line 2 of Form 1098T: \$ \_\_\_\_\_  
(Payments Received.../Amounts Billed...)

Amount from Line 5 of Form 1098T: \$ ( \_\_\_\_\_ ) [SUBTRACT]  
(Scholarships or Grants, **must be subtracted**)

Amount for Form 8863 Part III, Line 31: \$ \_\_\_\_\_

Taxpayer Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Preparer Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Any additional assistance or if you are unsure which credit to use contact CTTS support.