

TAXPAYER RELIEF ACT OF 1997

Certain taxpayers who pay qualified tuition and related expenses (QTRE) may claim the American Opportunity Tax Credit (AOTC) or the Lifetime Learning Credit (LLC) against their federal income tax liability. Internal Revenue Service (IRS) regulations require UTSA to report the name, social security number, and address of the student on Form 1098-T.

The credits may be claimed by the taxpayer for themselves, their spouse, or any dependents. Payments by a taxpayer's dependents must be treated as having been made by the taxpayer.

The American Opportunity Tax Credit (AOTC) modified the existing Hope Credit for tax years 2013 through 2017, but was made permanent with the FY16 Omnibus Spending Bill. This is a modification of the Hope Credit.

- The maximum amount of the AOTC is \$2,500 per student. The credit is not allowed if your modified adjusted gross income (AGI) is between \$90,000 if single, head of household, or qualifying widow(er) and \$180,000 if you file a joint return.
- The credit can be claimed for the first four years of post-secondary education. Previously the credit could be claimed for only the first two years of post-secondary education.
- Generally, 40% of the AOTC is now a refundable credit for most taxpayers, which means that you can receive up to \$1,000 even if you owe no taxes.
- The term "qualified tuition and related expenses" has been expanded to include expenditures for "course materials." For this purpose, the term "course materials" means books, supplies, and equipment needed for a course of study whether or not the materials must be purchased from the educational institution as a condition of enrollment or attendance.

For more information, see Chapter 2 of IRS Publication 970: Tax Benefits for Education (<http://www.irs.gov/publications/p970/ch02.html>).

The Lifetime Learning Credit (LLC) is available for qualified tuition and fees with no restrictions regarding minimum enrollment or academic classification as follows:

- 20% of the first \$10,000 **per taxpayer**
- The credit is not allowed if your modified adjusted gross income (AGI) is greater than \$90,000 if single, head of household, or qualifying widow(er) (\$180,000 if you file a joint return)
- not limited to first two years of education
- no minimum course load requirement
- no limit on number of years credit can be taken
- cannot combine with Hope Scholarship Credit for same student in same tax year.

For complete information regarding these credits, see IRS Publication 970: Tax Benefits for Education (<http://www.irs.gov/publications/p970/>).

To view an FAQ for UTSA students, see Your Guide to the 1098-T (<https://www.utsa.edu/financialaffairs/services/financial-services/1098-t-form/>).