



Contact:

July 1, 2019

Ryan C. Sheppard, CPA, CFF
Partner
Knight Rolleri Sheppard CPAS, LLP
rcs@krscpasllp.com

Q. Can higher education costs help to reduce my tax liability ?

A. Yes, there are two major education tax credits The American Opportunity Credit and Lifetime Learning Credit.

Q. What is a tax credit?

A. A tax credit reduces your tax bill dollar for dollar as opposed to a tax deduction (ie. medical or mortgage interest deduction) which only reduce your taxable income.

Q. How does the American Opportunity Credit work ?

A.. It applies to only the first four years of post secondary education. The amount of the credit is 100 percent of the first \$2,000 of qualified education expenses you paid for each eligible student and 25 percent of the next \$2,000 of qualified education expenses you paid for that student.

Q. How does the Lifetime Learning Credit work?

A. It applies to undergraduate, graduate and professional degree courses. You can claim up to \$2,000 each year.

Q. Are there any limits on the educational tax credits I can receive?

A. Yes, there are income limits in which the credits will phase out. Speak to your CPA if you have any questions regarding these or any other tax credits that may be available to you.