

## **American Opportunity Credit**

You might be able to claim an American Opportunity Credit **of up to \$2,500** for 2010 for qualified education expenses paid for each eligible student.

### ***Claiming the Credit***

- The credit is claimed using Form 8863, attached to Form 1040 or 1040A

### ***Credit Eligibility***

To qualify for the American Opportunity Credit, you must meet these 3 sets of eligibility requirements:

- Eligible student
- Eligible educational institution
- Eligible expenses

### ***Eligible Students***

Eligible students must meet these requirements:

- Carry at least half the normal full-time workload for the student's course of study in at least 1 academic period during the year
- Be enrolled in a course of study that leads to a degree, certificate, or other recognized educational credential
- Not have expenses used to figure an American Opportunity Credit in any 4 earlier tax years. This includes a tax year when you claimed the Hope Credit for the same student.
- Not have completed the first 4 years of higher education as determined by the institution
- Not have been convicted of a felony offense for possessing or distributing a controlled substance
- **Not have an adjusted gross income (AGI) that's more than the phase-out limits \$80,000 if filing as single or \$160,000 if married filing jointly.**

### ***Eligible Educational Institution***

An eligible institution for both education credits is a post-secondary institution eligible to participate in a student financial aid program administered by the U.S. Department of Education. Institutions include:

- Colleges
- Universities
- Post-secondary vocational schools
- Other post-secondary educational institutions

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### ***Eligible Expenses***

Eligible expenses include:

- Tuition and fees required for enrollment or attendance in the course or program. This is for courses or programs you:
  - Take during the year
  - Plan to take within 3 months after the close of the year
- Books, supplies, and equipment needed for a course of study. It doesn't matter if you bought these materials from the school as a condition of enrollment or attendance.

### ***Ineligible expenses for the education credits include:***

Personal expenses for:

- Housing
- Meals
- Incidentals
- Transportation
- Medical expenses
- Insurance

These activities unless required as part of the degree program:

- Hobbies
- Games
- Sports
- Noncredit courses