

AMERICAN OPPORTUNITY CREDIT

You may be able to take a credit of up to \$2,500 for qualified education expenses paid for each student who qualifies for the American opportunity credit. This credit equals 100% of the first \$2,000 and 25% of the next \$2,000 of qualified expenses paid for each eligible student. The amount of your credit for 2013 is gradually phased out if your Modified Adjusted Gross Income (MAGI) is between \$80,000 and \$90,000 (\$160,000 and \$180,000 if you file a joint return). You cannot claim a credit if your MAGI is \$90,000 or more (\$180,000 or more if you file a joint return).

Student qualifications: Generally, you can take the American opportunity credit for a student if all of the following apply.

- As of the beginning of 2013, the student had not completed the first 4 years of postsecondary education (generally, the freshman through senior years of college), as determined by the eligible educational institution. For this purpose, do not include academic credit awarded solely because of the student's performance on proficiency examinations.
- The student was enrolled in 2013 in a program that leads to a degree, certificate, or other recognized educational credential.
- The student was taking at least one-half the normal full-time workload for his or her course of study for at least one academic period beginning in 2013.
- As of the end of 2013, the student had not been convicted of a felony for possessing or distributing a controlled substance.

If all of the above conditions are not met, you may be able to take the **lifetime learning credit** for part or all of that student's qualified education expenses instead.

LIFETIME LEARNING CREDIT

The lifetime learning credit equals 20% of qualified expenses paid, up to a maximum of \$10,000 of qualified expenses per return. Therefore, the maximum lifetime learning credit you can claim on your return for the year is \$2,000, regardless of the number of students for whom you are claiming the credit. The amount of your credit for 2013 is gradually reduced if your Modified Adjusted Gross Income (MAGI) is between \$53,000 and \$63,000 (\$107,000 and \$127,000 if you file a joint return). You cannot claim a credit if your MAGI is \$63,000 or more (\$127,000 or more if you file a joint return).

Caution: You can claim both the American opportunity credit and the lifetime learning credit on the same return—but not for the same student.

HIGHER EDUCATION TUITION AND FEES DEDUCTION

Taxpayers not eligible for Lifetime Learning Credit may be eligible for the Higher Education Tuition and Fees Deduction. You claim the deduction by completing Form 8917 and submitting this along with your 1040 or 1040A. The deduction for tuition and fees will be claimed on Form 1040, line 34, "Tuition and fees deduction" or on Form 1040A, line 19.

Information for this document was taken from the Instructions for IRS Form 8863

Comparison of Education Credits for the 2013 Tax Year

	American Opportunity Credit	Lifetime Learning Credit
Maximum credit	Up to \$2500 credit per eligible student	Up to \$2000 credit per return
Limit on modified adjusted gross income (MAGI)	\$180,000 if married filing jointly; \$90,000 if single, head of household, or qualifying widow(er)	\$127,000 if married filing jointly; \$63,000 if single, head of household, or qualifying widow(er)
Refundable or nonrefundable	40% of credit may be refundable; the rest is non-refundable	Nonrefundable--credit limited to the amount of tax you must pay on your taxable income.
Number of years of postsecondary education	Available ONLY for the first 4 years of postsecondary education	Available for all years of postsecondary education and for courses to acquire or improve job skills
Number of tax years credit available	Available ONLY for 4 tax years per eligible student (including any year(s) Hope credit was claimed)	Available for an unlimited number of years
Type of degree required	Student must be pursuing an undergraduate degree or other recognized education credential	Student does not need to be pursuing a degree or other recognized education credential
Number of courses	Student must be enrolled at least half time for a least one academic period beginning during the year	Available for one or more courses
Felony drug conviction	As of the end of 2013, the student had not been convicted of a felony for possessing or distributing a controlled substance	Felony drug convictions are permitted
Qualified expenses	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.)
Payments for academic periods	Payments made in 2013 for academic periods beginning in 2013 and in the first 3 months of 2013	

IRS Form 1098-T and Educational Tax Credit Information

What is IRS Form 1098-T?

A 1098-T is a statement of qualified tuition and related expenses that were billed to your student account and grants or scholarships received during the calendar year 2013. The 1098-T does not indicate your eligibility for tax benefits; rather, it provides you with information about your account which you or your tax preparer may use to determine your education tax benefit eligibility.

Why didn't I receive a 1098-T?

A 1098-T is not issued if the grants and scholarships received for your account in the calendar year 2013 exceed the eligible charges for which you were billed in 2013 and no information previously reported has been adjusted.

I graduated last May, shouldn't I have received a 1098-T for the tuition charges for my final spring semester?

The 1098-T contains information about eligible charges by calendar year. If you registered for spring 2013 semester courses in November of 2012, the charges for these courses were billed in November of 2012 and were, therefore, reported on your 2012 1098-T. Since the I.R.S. operates on a calendar year, and the College operates on an academic year, many students will need both their 2012 and 2013 1098-T information in order to determine their tax benefit eligibility for their 2013 Federal Income Tax Return.

Why are three semesters of scholarships and grants showing in Box 5? In 2013 Stonehill adjusted when some scholarships and grants are paid to student accounts. Reflected in Box 5 are awards for spring 2013, fall 2013, and spring 2014.

I made a payment in 2013, why is Box 1 blank?

Colleges and Universities may choose to report either "Payments received for qualified tuition and related expenses" in Box 1 of the 1098-T or "Amounts billed for qualified tuition and related expenses" in Box 2 of the 1098-T. Stonehill reports qualified amounts billed in Box 2. As a result, nothing will be reported in Box 1 of your 1098-T. Your eligibility for tax benefits is not impacted by whether a university reports amounts paid in Box 1 or amounts billed in Box 2.

Why are two semesters of tuition charges showing in Box 2? I only attended one semester in 2013?

The charges reported in Box 2 reflect charges for which you were billed during the calendar year - regardless of the dates of the semester to which those charges apply. Stonehill bills students for spring tuition and fees in December, in advance of the spring semester.

Why are the eligible charges listed on my 1098-T less than what I was actually billed by Stonehill?

Not all charges are considered eligible by the I.R.S. For example, room and board charges are not considered eligible charges by the I.R.S. Your 1098-T will reflect only eligible charges for which you were billed.

What tax benefits am I eligible for?

The 1098-T does not indicate your eligibility for tax benefits.

- You may be eligible for certain tax incentives even if you are not issued a 1098-T.
- You may receive a 1098-T but not qualify for education tax benefits.
- The 1098-T provides information that you may use to determine your eligibility for tax incentives.
- For assistance in determining your eligibility for education tax benefits, consult [I.R.S. Publication 970\(PDF\)](#) and/or your tax preparer.

Student Financial Services staff members are not tax professionals and given the complexity of the tax code, we unfortunately cannot provide tax advice or determine your eligibility for education tax benefits. We can provide you with information about your Stonehill account, which you may need to determine your eligibility for tax benefits; Detailed information of account transactions is available through myHill at myBill. Many students and families report that in order to determine their education tax benefit eligibility, they need 1098-T statements from the current and prior calendar years and records of other qualified expenses and records of payments made. For more information, we encourage you to see [I.R.S. Publication 970\(PDF\)](#), or consult your tax advisor.