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## College students can get breaks on taxes

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College students can benefit on their taxes just by attending school.

While educational costs are rising fast nationwide, there is some good news for those who have recently entered college or gone back to school. They may be eligible to receive a tax credit for part of their paid tuition.

There are two education credits: the Hope Scholarship Credit and the Lifetime Learning Credit.

You can claim a Hope Credit of up to \$1,650 for qualified post-secondary education expenses paid per year for each eligible student. Unlike a deduction, which reduces your taxable income, a credit reduces your total tax amount, which means you benefit dollar for dollar. The credit you can claim depends on your income.

If you are past your second year in college, there is a second tax credit called the Lifetime Learning Credit that you may qualify for instead.

The Lifetime Learning Credit is 20 percent of the first \$10,000 of all qualified educational expenses paid for all eligible students. That

means a maximum credit of \$2,000 per tax year will be given back to the taxpayer for tuition paid.

Sounds great and easy right? Well, not so fast. Like the Hope Credit, only one credit of \$2,000 may be claimed per household by the taxpayer for each student, provided you meet the same income requirements as for the Hope Credit.

So who can claim this tax credit and how do you claim it?

For the Hope Credit, you must be enrolled at least half-time for at least one semester or quarter at an eligible institution. For the Lifetime Learning Credit, you can be enrolled in one or more courses at an eligible institution. The courses may include undergraduate, graduate, or professional level classes.

It doesn't matter if you are a full- or part-time student.

Most institutions will issue a Form 1098-T to the student that will show the fees and expenses paid for the year. Once you obtain a copy, you can fill out the Form 8863 and submit it with your tax return.

Still confused? Visit [www.irs.gov](http://www.irs.gov) and refer to Publication 970; or you may contact the Bookstein Tax Clinic at Cal State Northridge for more information.

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