

Requirements

1. Cannot be a dependent and cannot be eligible to be a dependent even if not claimed.
2. Cannot be filing MFS.
3. Must have a form 1098-T* with the school's EIN.
4. Student does not need to be pursuing a program leading to a degree or other recognized education credential.

Qualifying Expenses

1. Tuition and Required Fees
2. Books, Supplies, and Equipment ONLY if they are purchased directly from the institution and are required for the course(s).

Non-qualifying Expenses

1. Room and Board.
2. Transportation.
3. Medical Insurance.

Subtract from costs

1. Any non-taxable assistance received, other than gifts and inheritances
2. Tax-free scholarships or fellowships.
3. Tuition grants from an employer.
4. Federal Pell grants.
5. Refunds from the school.

Calculation of Credit

1. One credit per eligible student per return per year. If the American Opportunities Credit is used for a student, that student may not also apply for the Lifetime Learning Credit.
2. 20% of first \$10,000 of qualified expenses.

No part of the Lifetime Learning Credit is refundable.

Phaseout

1. Phases out for Single taxpayers starting at income of \$80,000 until \$0 credit at \$90,000.
2. Phases out for MFJ starting at income of \$160,000 until \$0 credit at \$180,000.

*There are some exceptions. See Pub 970 (2022) page 22.

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