# Claiming Education Tax Benefits

This playbook provides a step-by-step guide for understanding and claiming education-related tax credits and deductions, such as the American Opportunity Tax Credit (AOTC) and the Lifetime Learning Credit (LLC).

### Step 1: Eligibility Check

Verify your eligibility for education tax credits. Determine if you qualify for AOTC by confirming you have not completed the first four years of higher education, are pursuing a degree or similar credential, and are enrolled at least half-time for one academic period. Check LLC eligibility, ensuring that you are taking higher education courses to acquire or improve job skills.

### Step 2: Gather Documents

Collect relevant financial documents including Form 1098-T from your educational institution, receipts for qualified educational expenses, and any records of scholarships, grants, or fellowships.

### Step 3: Calculate Expenses

Calculate your qualified education expenses, adjusting for tax-free educational assistance. Do not include expenses covered by scholarships, grants, or fellowships in your calculation.

### Step 4: Determine Credit

Decide which tax credit to claim. If you're eligible for AOTC, it can offer a more significant benefit. However, if you're ineligible for AOTC, consider claiming the LLC for qualified courses.

### Step 5: Complete Forms

Fill out the IRS Form 8863 to claim AOTC or LLC. Attach it to your federal tax return. Ensure you enter accurate information and calculate the credit correctly.

### Step 6: File Tax Return

File your federal tax return with the IRS, including the completed Form 8863. You can file your taxes online, by mail, or with the assistance of a tax professional.

### Step 7: Keep Records

Maintain copies of your tax return, Form 1098-T, receipts, and Form 8863 for at least three years from the date you filed your original return or two years from the date you paid the tax, whichever is later.

## General Notes

### Timeline

The deadline to claim AOTC and LLC is typically April 15 of the year following the tax year for which you're claiming the credits, unless an extension is filed.

### Income Limits

Be aware of the income phase-out ranges that may affect your eligibility for education tax credits. These can change annually, so consult the latest IRS guidelines.

### Tax Assistance

Consider seeking help from a qualified tax professional or using IRS-approved tax preparation software to ensure proper compliance and to maximize your education tax benefits.