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Sec. 25A. American Opportunity And Lifetime Learning Credits

I.R.C. § 25A(a) Allowance Of Credit —

In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year the amount equal to the sum of—

I.R.C. § 25A(a)(1) —

the American Opportunity Tax Credit, plus

I.R.C. § 25A(a)(2) —

the Lifetime Learning Credit.

I.R.C. § 25A(b) American Opportunity Tax Credit

I.R.C. § 25A(b)(1) Per Student Credit —

In the case of any eligible student for whom an election is in effect under this section for any taxable year, the American Opportunity Tax Credit is an amount equal to the sum of—

I.R.C. § 25A(b)(1)(A) —

100 percent of so much of the qualified tuition and related expenses paid by the taxpayer during the taxable year (for education furnished to the eligible student during any academic period beginning in such taxable year) as does not exceed \$2,000, plus

I.R.C. § 25A(b)(1)(B) —

25 percent of such expenses so paid as exceeds \$2,000 but does not exceed \$4,000.

I.R.C. § 25A(b)(2) Limitations Applicable To American Opportunity Tax Credit

I.R.C. § 25A(b)(2)(A) Credit Allowed Only For 4 Taxable Years —

An election to have this section apply with respect to any eligible student for purposes of the American Opportunity Tax Credit under subsection (a)(1) may not be made for any taxable year if such an election (by the taxpayer or any other individual) is in effect with respect to such student for any 4 prior taxable years.

I.R.C. § 25A(b)(2)(B) Credit Allowed For Year Only If Individual Is At Least 1/2 Time Student For Portion Of Year —

The American Opportunity Tax Credit under subsection (a)(1) shall not be allowed for a taxable year with respect to the qualified tuition and related expenses of an individual unless such individual is an eligible student for at least one academic period which begins during such year.

I.R.C. § 25A(b)(2)(C) Credit Allowed Only For First 4 Years Of Postsecondary Education —

The American Opportunity Tax Credit under subsection (a)(1) shall not be allowed for a taxable year with respect to the qualified tuition and related expenses of an eligible student if the student has completed (before the beginning of such taxable year) the first 4 years of postsecondary education at an eligible educational institution.

I.R.C. § 25A(b)(2)(D) Denial Of Credit If Student Convicted Of A Felony Drug Offense —

The American Opportunity Tax Credit under subsection (a)(1) shall not be allowed for qualified tuition and related expenses for the enrollment or attendance of a student for any academic period if such student has been convicted of a Federal or State felony offense consisting of the possession or distribution of a controlled substance before the end of the taxable year with or within which such period ends.

I.R.C. § 25A(b)(3) Eligible Student —

For purposes of this subsection, the term “eligible student” means, with respect to any academic period, a student who—

I.R.C. § 25A(b)(3)(A) —

meets the requirements of section 484(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1091(a)(1)), as in effect on the date of the enactment of this section, and

I.R.C. § 25A(b)(3)(B) —

is carrying at least 1/2 the normal full-time work load for the course of study the student is pursuing.

I.R.C. § 25A(b)(4) Restrictions On Taxpayers Who Improperly Claimed American Opportunity Tax Credit In Prior Years

I.R.C. § 25A(b)(4)(A) Taxpayers Making Prior Fraudulent Or Reckless Claims

I.R.C. § 25A(b)(4)(A)(i) In General —

No American Opportunity Tax Credit shall be allowed under this section for any taxable year in the disallowance period.

I.R.C. § 25A(b)(4)(A)(ii) Disallowance Period —

For purposes of subparagraph (A), the disallowance period is—

I.R.C. § 25A(b)(4)(A)(ii)(I) —

the period of 10 taxable years after the most recent taxable year for which there was a final determination that the taxpayer's claim of the American Opportunity Tax Credit under this section was due to fraud, and

I.R.C. § 25A(b)(4)(A)(ii)(II) —

the period of 2 taxable years after the most recent taxable year for which there was a final determination that the taxpayer's claim of the American Opportunity Tax Credit under this section was due to reckless or intentional disregard of rules and regulations (but not due to fraud).

I.R.C. § 25A(b)(4)(B) Taxpayers Making Improper Prior Claims —

In the case of a taxpayer who is denied the American Opportunity Tax Credit under this section for any taxable year as a result of the deficiency procedures under subchapter B of chapter 63, no American Opportunity Tax Credit shall be allowed under this section for any subsequent taxable year unless the taxpayer provides such information as the Secretary may require to demonstrate eligibility for such credit.

I.R.C. § 25A(c) Lifetime Learning Credit

I.R.C. § 25A(c)(1) Per Taxpayer Credit —

The Lifetime Learning Credit for any taxpayer for any taxable year is an amount equal to 20 percent of so much of the qualified tuition and related expenses paid by the taxpayer during the taxable year for education furnished during any academic period beginning in such taxable year as does not exceed \$10,000.

I.R.C. § 25A(c)(2) Special Rules For Determining Expenses

I.R.C. § 25A(c)(2)(A) Coordination With American Opportunity Tax Credit —

The qualified tuition and related expenses with respect to an individual who is an eligible student for whom a American Opportunity Tax Credit under subsection (a)(1) is allowed for the taxable year shall not be taken into account under this subsection.

I.R.C. § 25A(c)(2)(B) Expenses Eligible For Lifetime Learning Credit —

For purposes of paragraph (1), qualified tuition and related expenses shall include expenses described in subsection (f)(1) with respect to any course of instruction at an eligible educational institution to acquire or improve job skills of the individual.

I.R.C. § 25A(d) Limitation Based On Modified Adjusted Gross Income

I.R.C. § 25A(d)(1) In General.— —

The American Opportunity Tax Credit and the Lifetime Learning Credit shall each (determined without regard to this paragraph) be reduced (but not below zero) by the amount which bears the same ratio to each such credit (as so determined) as—

I.R.C. § 25A(d)(1)(A) —

the excess of—

I.R.C. § 25A(d)(1)(A)(i) —

the taxpayer's modified adjusted gross income for such taxable year, over

I.R.C. § 25A(d)(1)(A)(ii) —

\$80,000 (\$160,000 in the case of a joint return), bears to

I.R.C. § 25A(d)(1)(B) —

\$10,000 (\$20,000 in the case of a joint return).

I.R.C. § 25A(d)(2) Modified Adjusted Gross Income —

For purposes of this subsection, the term “modified adjusted gross income” means the adjusted gross income of the taxpayer for the taxable year increased by any amount excluded from gross income under section 911,

931, or 933.

I.R.C. § 25A(e) Election Not To Have Section Apply —

A taxpayer may elect not to have this section apply with respect to the qualified tuition and related expenses of an individual for any taxable year.

I.R.C. § 25A(f) Definitions —

For purposes of this section—

I.R.C. § 25A(f)(1) Qualified Tuition And Related Expenses

I.R.C. § 25A(f)(1)(A) In General —

The term “qualified tuition and related expenses” means tuition and fees required for the enrollment or attendance of—

I.R.C. § 25A(f)(1)(A)(i) —

the taxpayer,

I.R.C. § 25A(f)(1)(A)(ii) —

the taxpayer's spouse, or

I.R.C. § 25A(f)(1)(A)(iii) —

any dependent of the taxpayer with respect to whom the taxpayer is allowed a deduction under section 151, at an eligible educational institution for courses of instruction of such individual at such institution.

I.R.C. § 25A(f)(1)(B) Exception For Education Involving Sports, Etc. —

Such term does not include expenses with respect to any course or other education involving sports, games, or hobbies, unless such course or other education is part of the individual's degree program.

I.R.C. § 25A(f)(1)(C) Exception For Nonacademic Fees —

Such term does not include student activity fees, athletic fees, insurance expenses, or other expenses unrelated to an individual's academic course of instruction.

I.R.C. § 25A(f)(1)(D) Required Course Materials Taken Into Account For American Opportunity Tax Credit —

For purposes of determining the American Opportunity Tax Credit, subparagraph (A) shall be applied by substituting “tuition, fees, and course materials” for “tuition and fees”.

I.R.C. § 25A(f)(2) Eligible Educational Institution —

The term “eligible educational institution” means an institution—

I.R.C. § 25A(f)(2)(A) —

which is described in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088), as in effect on the date of the enactment of this section, and

I.R.C. § 25A(f)(2)(B) —

which is eligible to participate in a program under title IV of such Act.

I.R.C. § 25A(g) Special Rules

I.R.C. § 25A(g)(1) Identification Requirement

I.R.C. § 25A(g)(1)(A) In General —

No credit shall be allowed under subsection (a) to a taxpayer with respect to the qualified tuition and related expenses of an individual unless the taxpayer includes the name and taxpayer identification number of such individual on the return of tax for the taxable year.

I.R.C. § 25A(g)(1)(B) Additional Identification Requirements With Respect To American Opportunity Tax Credit

I.R.C. § 25A(g)(1)(B)(i) Student —

The requirements of subparagraph (A) shall not be treated as met with respect to the American Opportunity Tax Credit unless the individual's taxpayer identification number was issued on or before the due date for filing the return of tax for the taxable year.

I.R.C. § 25A(g)(1)(B)(ii) Taxpayer —

No American Opportunity Tax Credit shall be allowed under this section if the taxpayer identification number of the taxpayer was issued after the due date for filing the return for the taxable year.

I.R.C. § 25A(g)(1)(B)(iii) Institution —

No American Opportunity Tax Credit shall be allowed under this section unless the taxpayer includes the employer identification number of any institution to which qualified tuition and related expenses were paid with respect to the individual.

I.R.C. § 25A(g)(2) Adjustment For Certain Scholarships, Etc. —

The amount of qualified tuition and related expenses otherwise taken into account under subsection (a) with respect to an individual for an academic period shall be reduced (before the application of subsections (b), (c), and (d)) by the sum of any amounts paid for the benefit of such individual which are allocable to such period as—

I.R.C. § 25A(g)(2)(A) —

a qualified scholarship which is excludable from gross income under section 117,

I.R.C. § 25A(g)(2)(B) —

an educational assistance allowance under chapter 30, 31, 32, 34, or 35 of title 38, United States Code, or under chapter 1606 of title 10, United States Code, and

I.R.C. § 25A(g)(2)(C) —

a payment (other than a gift, bequest, devise, or inheritance within the meaning of section 102(a)) for such individual's educational expenses, or attributable to such individual's enrollment at an eligible educational institution, which is excludable from gross income under any law of the United States.

I.R.C. § 25A(g)(3) Treatment Of Expenses Paid By Dependent —

If a deduction under section 151 with respect to an individual is allowed to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins—

I.R.C. § 25A(g)(3)(A) —

no credit shall be allowed under subsection (a) to such individual for such individual's taxable year,

I.R.C. § 25A(g)(3)(B) —

qualified tuition and related expenses paid by such individual during such individual's taxable year shall be treated for purposes of this section as paid by such other taxpayer, and

I.R.C. § 25A(g)(3)(C) —

a statement described in paragraph (8) and received by such individual shall be treated as received by the taxpayer.

I.R.C. § 25A(g)(4) Treatment Of Certain Prepayments —

If qualified tuition and related expenses are paid by the taxpayer during a taxable year for an academic period which begins during the first 3 months following such taxable year, such academic period shall be treated for purposes of this section as beginning during such taxable year.

I.R.C. § 25A(g)(5) Denial Of Double Benefit —

No credit shall be allowed under this section for any expense for which a deduction is allowed under any other provision of this chapter.

I.R.C. § 25A(g)(6) No Credit For Married Individuals Filing Separate Returns —

If the taxpayer is a married individual (within the meaning of section 7703), this section shall apply only if the taxpayer and the taxpayer's spouse file a joint return for the taxable year.

I.R.C. § 25A(g)(7) Nonresident Aliens —

If the taxpayer is a nonresident alien individual for any portion of the taxable year, this section shall apply only if such individual is treated as a resident alien of the United States for purposes of this chapter by reason of an election under subsection (g) or (h) of section 6013.

I.R.C. § 25A(g)(8) Payee Statement Requirement —

Except as otherwise provided by the Secretary, no credit shall be allowed under this section unless the taxpayer receives a statement furnished under section 6050S(d) which contains all of the information required by paragraph (2) thereof.

I.R.C. § 25A(h) Inflation Adjustment [Repealed by P.L. 116-260]

I.R.C. § 25A(i) Portion Of American Opportunity Tax Credit Made Refundable —

Forty percent of so much of the credit allowed under subsection (a) as is attributable to the American Opportunity Tax Credit (determined after application of subsection (d) and without regard to this paragraph and section 26(a)) shall be treated as a credit allowable under subpart C (and not allowed under subsection (a)). The preceding sentence shall not apply to any taxpayer for any taxable year if such taxpayer is a child to whom subsection (g) of section 1 applies for such taxable year.

I.R.C. § 25A(j) Regulations —

The Secretary may prescribe such regulations as may be necessary or appropriate to carry out this section, including regulations providing for a recapture of the credit allowed under this section in cases where there is a refund in a subsequent taxable year of any amount which was taken into account in determining the amount of such credit.

(Added by Pub. L. 105-34, title II, Sec. 201(a), Aug. 5, 1997, 111 Stat. 788; Pub. L. 107-16, title IV, Sec. 401(g)(2)(A), June 7, 2001, 115 Stat. 38; Pub. L. 111-5, Div. B, title I, Sec. 1004(a), Feb. 17, 2009, 123 Stat. 115; Pub. L. 111-148, Sec. 10909(b)(2)(C), Mar. 23, 2010, 124 Stat. 119; Pub. L. 111-312, title I, Sec. 103(a)(1), Dec. 17, 2010, 124 Stat. 3296; Pub. L. 112-240, title I, Sec. 103(a), 104(c)(2), Jan. 2, 2013, 126 Stat. 2313; Pub. L. 113-295, Div. A, title II, Sec. 209(b), Dec. 19, 2014, 128 Stat. 4010; Pub. L. 114-27, title VIII, Sec. 804(a), June 29, 2015; Pub. L. 114-113, Div. Q, title I, Sec. 102(a), title II, Sec. 206(a), 208(a), 211(a), Dec. 18, 2015; Pub. L. 115-97, title I, Sec. 11002(d)(1)(B), Dec. 22, 2017, 131 Stat. 2054; Pub. L. 115-141,

Div. U, title I, Sec. 101(l), title IV, Sec. 401(b)(1), Mar. 23, 2018, 132 Stat. 348; Pub. L. 116-260, Div. EE, title I, Sec. 104(a), Dec. 27, 2020, 134 Stat. 1182.)

BACKGROUND NOTES

AMENDMENTS

2020 — Subsec. (d). Pub. L. 116-260, Div. EE, Sec. 104(a)(1), amended subsec. (d) by striking pars. (1) and (2), by redesignating par. (3) as par. (2), and by inserting new par. (1). Before being struck, they read as follows:

“(1) American Opportunity Tax Credit.—The American Opportunity Tax Credit (determined without regard to this paragraph) shall be reduced (but not below zero) by the amount which bears the same ratio to such credit (as so determined) as—

“(A) the excess of—

“(i) the taxpayer's modified adjusted gross income for such taxable year, over

“(ii) \$80,000 (\$160,000 in the case of a joint return), bears to

“(B) \$10,000 (\$20,000 in the case of a joint return).”

“(2) Lifetime Learning Credit.—The Lifetime Learning Credit (determined without regard to this paragraph) shall be reduced (but not below zero) by the amount which bears the same ratio to such credit (as so determined) as—

“(A) the excess of—

“(i) the taxpayer's modified adjusted gross income for such taxable year, over

“(ii) \$40,000 (\$80,000 in the case of a joint return), bears to

“(B) \$10,000 (\$20,000 in the case of a joint return).”

Subsec. (h). Pub. L. 116-260, Div. EE, Sec. 104(a)(2), struck subsec. (h). Prior to being struck, it read as follows:

“(h) Inflation Adjustment.—

“(1) In General.—In the case of a taxable year beginning after 2001, the \$40,000 and \$80,000 amounts in subsection (d)(2) shall each be increased by an amount equal to—

“(A) such dollar amount, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting “calendar year 2000” for “calendar year 2016” in subparagraph (A) (ii) thereof.

“(2) Rounding.—If any amount as adjusted under paragraph (1) is not a multiple of \$1,000, such amount shall be rounded to the next lowest multiple of \$1,000.”

2018 — Sec. 25A. Pub. L. 115-141, Div. U, Sec. 101(l)(9), amended the heading of Sec. 25A by substituting “American Opportunity” for “Hope”.

Sec. 25A. Pub. L. 115-141, Div. U, Sec. 101(l)(14), amended Sec. 25A by substituting “American Opportunity Tax Credit” for “Hope Scholarship Credit” each place it appeared.

Subsec. (b). Pub. L. 115-141, Div. U, Sec. 101(l)(11), amended the heading of subsec. (b) by substituting “American Opportunity Tax Credit” for “Hope Scholarship”.

Subsec. (b)(1)(A). Pub. L. 115-141, Div. U, Sec. 101(l)(1)(A), amended subpar. (A) by substituting “\$2,000” for “\$1,000”.

Subsec. (b)(1)(B). Pub. L. 115-141, Div. U, Sec. 101(l)(1)(B), amended subpar (B) by substituting “25 percent” for “50 percent”, by substituting “\$2,000” for “\$1,000”, and by substituting “\$4,000” for “the applicable limit”.

Subsec. (b)(2). Pub. L. 115-141, Div. U, Sec. 101(l)(12), amended the heading of par. (2) by substituting “American Opportunity Tax Credit” for “Hope Scholarship”.

Subsec. (b)(2)(A). Pub. L. 115-141, Div. U, Sec. 101(l)(2), amended subpar. (A) by substituting “4” for “2” in the heading and text.

Subsec. (b)(2)(C). Pub. L. 115-141, Div. U, Sec. 101(l)(2), amended subpar. (C) by substituting “4” for “2” in the heading and text.

Subsec. (b)(4). Pub. L. 115-141, Div. U, Sec. 101(l)(3) amended par. (4). Before amendment, it read as follows:

“(4) Applicable Limit.—For purposes of paragraph (1)(B), the applicable limit for any taxable year is an amount equal to 2 times the dollar amount in effect under paragraph (1)(A) for such taxable year.”

Subsec. (c)(1). Pub. L. 115-141, Div. U, Sec. 401(b)(1), amended par. (1) by striking “(\$5,000 in the case of taxable years beginning before January 1, 2003)”.

Subsec. (c)(2)(A). Pub. L. 115-141, Div. U, Sec. 101(l)(13), amended the heading of subpar. (A) by substituting “American Opportunity Tax Credit” for “Hope Scholarship”.

Subsec. (d). Pub. L. 115-141, Div. U, Sec. 101(l)(4), amended subsec. (d). Before amendment, it read as follows:

“(d) Limitation Based On Modified Adjusted Gross Income

“(1) In General.—The amount which would (but for this subsection) be taken into account under subsection (a) for the taxable year shall be reduced (but not below zero) by the amount determined under paragraph (2).

“(2) Amount Of Reduction.—The amount determined under this paragraph is the amount which bears the same ratio to the amount which would be so taken into account as—

“(A) the excess of—

“(i) the taxpayer's modified adjusted gross income for such taxable year, over

“(ii) \$40,000 (\$80,000 in the case of a joint return), bears to

“(B) \$10,000 (\$20,000 in the case of a joint return).

“(3) Modified Adjusted Gross Income.—The term “modified adjusted gross income” means the adjusted gross income of the taxpayer for the taxable year increased by any amount excluded from gross income under section 911, 931, or 933.”

Subsec. (f)(1)(D). Pub. L. 115-141, Div. U, Sec. 101(l)(5), amended par. (1) by adding subpar. (D).

Subsec. (g)(1). Pub. L. 115-141, Div. U, Sec. 101(l)(6), amended par. (1) by substituting “(A) In General.—No credit” for “No credit” and by adding subpar. (B).

Subsec. (h). Pub. L. 115-141, Div. U, Sec. 101(l)(7), amended subsec. (h). Before amendment, it read as follows:

“(h) Inflation Adjustments

“(1) Dollar Limitation On Amount Of Credit

“(A) In General.—In the case of a taxable year beginning after 2001, each of the \$1,000 amounts under subsection (b)(1) shall be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting “calendar year 2000” for “calendar year 1992” in subparagraph (B) thereof.

“(B) Rounding.—If any amount as adjusted under subparagraph (A) is not a multiple of \$100, such amount shall be rounded to the next lowest multiple of \$100.

“(2) Income Limits

“(A) In General.—In the case of a taxable year beginning after 2001, the \$40,000 and \$80,000 amounts in subsection (d)(2) shall each be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting “calendar year 2000” for “calendar year 1992” in subparagraph (B) thereof.

“(B) Rounding.—If any amount as adjusted under subparagraph (A) is not a multiple of \$1,000, such amount shall be rounded to the next lowest multiple of \$1,000.”

Subsec. (i). Pub. L. 115-141, Div. U, Sec. 101(l)(8), amended subsec. (i). Before amendment, it read as follows:

“(i) American Opportunity Tax Credit.—In the case of any taxable year beginning after 2008—

“(1) Increase In Credit.—The Hope Scholarship Credit shall be an amount equal to the sum of—

“(A) 100 percent of so much of the qualified tuition and related expenses paid by the taxpayer during the taxable year (for education furnished to the eligible student during any academic period beginning in such taxable year) as does not exceed \$2,000, plus

“(B) 25 percent of such expenses so paid as exceeds \$2,000 but does not exceed \$4,000.

“(2) Credit Allowed For First 4 Years Of Post-Secondary Education.—Subparagraphs (A) and (C) of subsection (b)(2) shall be applied by substituting “4” for “2”.

“(3) Qualified Tuition And Related Expenses To Include Required Course Materials.—For purposes of determining the Hope Scholarship Credit, subsection (f)(1)(A) shall be applied by substituting “tuition, fees, and course materials” for “tuition and fees”.

“(4) Increase In AGI Limits For Hope Scholarship Credit.—In lieu of applying subsection (d) with respect to the Hope Scholarship Credit, such credit (determined without regard to this paragraph) shall be reduced (but not below zero) by the amount which bears the same ratio to such credit (as so determined) as—

“(A) the excess of —

“(i) the taxpayer's modified adjusted gross income (as defined in subsection (d)(3)) for such taxable year, over

“(ii) \$80,000 (\$160,000 in the case of a joint return), bears to

“(B) \$10,000 (\$20,000 in the case of a joint return).

“(5) Portion Of Credit Made Refundable.—40 percent of so much of the credit allowed under subsection (a) as is attributable to the Hope Scholarship Credit (determined after application of paragraph (4) and without regard to this paragraph and section 26(a)) shall be treated as a credit allowable under subpart C (and not allowed under subsection (a)). The preceding sentence shall not apply to any taxpayer for any taxable year if such taxpayer is a child to whom subsection (g) of section 1 applies for such taxable year.

“(6) Identification Numbers

“(A) Student.—The requirements of subsection (g)(1) shall not be treated as met with respect to the Hope Scholarship Credit unless the individual's taxpayer identification number was issued on or before the due date for filing the return of tax for the taxable year.

“(B) Taxpayer.—No Hope Scholarship Credit shall be allowed under this section if the identifying number of the taxpayer was issued after the due date for filing the return for the taxable year.

“(C) Institution.—No Hope Scholarship Credit shall be allowed under this section unless the taxpayer includes the employer identification number of any institution to which qualified tuition and related expenses were paid with respect to the individual.

“(7) Restrictions On Taxpayers Who Improperly Claimed Credit In Prior Year

“(A) Taxpayers Making Prior Fraudulent Or Reckless Claims

“(i) In General.—No credit shall be allowed under this section for any taxable year in the disallowance period.

“(ii) Disallowance Period.—For purposes of clause (i), the disallowance period is—

“(I) the period of 10 taxable years after the most recent taxable year for which there was a final determination that the taxpayer's claim of credit under this section was due to fraud, and

“(II) the period of 2 taxable years after the most recent taxable year for which there was a final determination that the taxpayer's claim of credit under this section was due to reckless or intentional disregard of rules and regulations (but not due to fraud).

“(B) Taxpayers Making Improper Prior Claims.—In the case of a taxpayer who is denied credit under this section for any taxable year as a result of the deficiency procedures under subchapter B of chapter 63, no credit shall be allowed under this section for any subsequent taxable year unless the taxpayer provides such information as the Secretary may require to demonstrate eligibility for such credit.”

2017 — Subsec. (h)(1)(A)(ii). Pub. L. 115-97, Sec. 11002(d)(1)(B), amended clause (ii) by substituting “for ‘calendar year 2016’ in subparagraph (A)(ii)” for “for ‘calendar year 1992’ in subparagraph (B)”.

Subsec. (h)(2)(A)(ii). Pub. L. 115-97, Sec. 11002(d)(1)(B), amended clause (ii) by substituting “for ‘calendar year 2016’ in subparagraph (A)(ii)” for “for ‘calendar year 1992’ in subparagraph (B)”.

2015 — Subsec. (i). Pub. L. 114-113, Div. Q, Sec. 102(a), amended subsec. (i) by striking “and before 2018”.

Subsec. (i)(6). Pub. L. 114-113, Div. Q, Sec. 206(a)(2), amended subsec. (i) by adding par. (6).

Subsec. (i)(6)(C). Pub. L. 114-113, Div. Q, Sec. 211(a), amended par. (6) by adding subpar. (C).

Subsec. (i)(7). Pub. L. 114-113, Div. Q, Sec. 208(a)(2), amended subsec. (i) by adding par. (7).

Subsec. (g)(3). Pub. L. 114-27, Sec. 804(a)(2), amended par. (3) by striking “and” at the end of subpar. (A), by substituting “, and” for the period at the end of subpar. (B), and by adding new subpar. (C).

Subsec. (g)(8). Pub. L. 114-27, Sec. 804(a)(1), amended subsec. (g) by adding new par. (8).

2014 — Subsec. (i)(3). Pub. L. 113-295, Div. A, Sec. 209(b), amended par. (3) by substituting “For purposes of determining the Hope Scholarship Credit, subsection (f)(1)(A) shall be applied” for “Subsection (f)(1)(A) shall be applied”.

2013 — Subsec. (i). Pub. L. 112-240, Sec. 103(a)(1), amended subsec. (i) by substituting “after 2008 and before 2018” for “in 2009, 2010, 2011, or 2012”.

Subsec. (i)(5)-(7). Pub. L. 112-240, Sec. 104(c)(2)(D)(i), amended subsec. (i) by striking par. (5) and by redesignating par. (6)-(7) as par. (5)-(6), respectively. Before being struck, par. (5) read as follows:

“(5) Credit Allowed Against Alternative Minimum Tax.—In the case of a taxable year to which section 26(a)(2) does not apply, so much of the credit allowed under subsection (a) as is attributable to the Hope Scholarship Credit shall not exceed the excess of—

“(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

“(B) the sum of the credits allowable under this subpart (other than this subsection and sections 23, 25D and 30D) and section 27 for the taxable year.

“Any reference in this section or section 24, 25, 26, 25B, 904, or 1400C to a credit allowable under this subsection shall be treated as a reference to so much of the credit allowable under subsection (a) as is attributable to the Hope Scholarship Credit.”

Subsec. (i)(5). Pub. L. 112-240, Sec. 104(c)(2)(D)(ii), amended par. (5), after redesignation, by substituting “section 26(a)” for “section 26(a)(2) or paragraph (5), as the case may be”.

2010 — Subsec. (i). Pub. L. 111-312, Sec. 103(a)(1), amended subsec. (i) by substituting “, 2010, 2011, or 2012” for “or 2010”.

Subsec. (i)(5)(B). Pub. L. 111-148, Sec. 10909(b)(2)(C), amended subpar. (B) by substituting “25D” for “23, 25D,”.

2009 — Subsec. (i)-(j). Pub. L. 111-5, Div. B, Sec. 1004(a), redesignated subsec. (i) as subsec. (j) and added new subsec. (i).

2001 - Subsec. (e). Pub. L. 107-16, Sec. 401(g)(2)(A), amended subsec. (e). Before amendment it read as follows:

“(e) Election To Have Section Apply.--

“(1) In general.-

“No credit shall be allowed under subsection (a) for a taxable year with respect to the qualified tuition and related expenses of an individual unless the taxpayer elects to have this section apply with respect to such individual for such year.

“(2) Coordination with exclusions.-

“An election under this subsection shall not take effect with respect to an individual for any taxable year if there is in effect for such taxable year an election under section 530(d)(2)(C) (by the taxpayer or any other individual) to exclude from gross income distributions from an education individual retirement account used to pay qualified higher education expenses of the individual.”

EFFECTIVE DATE OF 2020 AMENDMENTS

Amendments by Pub. L. 116-260, Div. EE, Sec. 104(a), effective for taxable years beginning after December 31, 2020.

EFFECTIVE DATE OF 2018 AMENDMENT

Amendments by Pub. L. 115-141, Div. U, Sec. 101(l), effective for as in included in the provisions of the Protecting Americans from Tax Hikes Act of 2015 [Pub. L. 115-141, Div. Q] to which they relate.

Amendment by Pub. L. 115-141, Div. U, Sec. 401(b)(1), effective March 23, 2018. Sec. 401(e) of Pub. L. 115-141, provided the following savings provision:

“(e) GENERAL SAVINGS PROVISION WITH RESPECT TO DEADWOOD PROVISIONS.—If—

“(1) any provision amended or repealed by the amendments made by subsection (b) or (d) applied to—

“(A) any transaction occurring before the date of the enactment of this Act,

“(B) any property acquired before such date of enactment, or

“(C) any item of income, loss, deduction, or credit taken into account before such date of enactment, and

“(2) the treatment of such transaction, property, or item under such provision would (without regard to the amendments or repeals made by such subsection) affect the liability for tax for periods ending after such date of enactment,

“nothing in the amendments or repeals made by this section shall be construed to affect the treatment of such transaction, property, or item for purposes of determining liability for tax for periods ending after such date of enactment.”

EFFECTIVE DATE OF 2017 AMENDMENT

Amendment by Pub. L. 115-97, Sec. 11002(d)(1)(B), effective for taxable years beginning after December 31, 2017.

EFFECTIVE DATE OF 2015 AMENDMENTS

Amendment by Pub. L. 114-113, Div. Q, Sec. 102(a), effective for taxable years beginning after the date of the enactment of this Act [Enacted: Dec. 18, 2015].

Amendment by Pub. L. 114-113, Div. Q, Sec. 206(a)(1), effective on the date of the enactment of this Act [Enacted: Dec. 18, 2015].

Amendment by Pub. L. 114-113, Div. Q, Sec. 206(a)(2), effective for any return of tax, and any amendment or supplement to any return of tax, which is filed after the date of the enactment of this Act [Enacted: Dec. 18, 2015]. Sec. 206(b)(2) of Pub. L. 114-113, Div. Q, which was retroactively struck by Pub. L. 115-141, Div. U, Sec. 101(j), had provided the following exception:

“(2) EXCEPTION FOR TIMELY-FILED 2015 RETURNS.—The amendment made by subsection (a)(2) shall not apply to any return of tax (other than an amendment or supplement to any return of tax) for any taxable year which includes the date of the enactment of this Act [Enacted: Dec. 18, 2015] if such return is filed on or before the due date for such return of tax.”

Amendment by Pub. L. 114-113, Div. Q, Sec. 208(a)(2), effective for taxable years beginning after December 31, 2015.

Amendment by Pub. L. 114-113, Div. Q, Sec. 211(a), effective for taxable years beginning after December 31, 2015.

Amendments by Pub. L. 114-27, Sec. 804(a), effective for taxable years beginning after the date of the enactment of this Act [Enacted: June 29, 2015].

EFFECTIVE DATE OF 2014 AMENDMENT

Amendment by Pub. L. 113-295, Div. A, Sec. 209(b), effective as if included in the provision of the American Recovery and Reinvestment Tax Act of 2009 [Pub. L. 111-5, Sec. 1003] to which it relates [Effective for taxable years beginning after Dec. 31, 2008].

EFFECTIVE DATE OF 2013 AMENDMENTS

Amendments by Sec. 103(a) of Pub. L. 112-240 effective for taxable years beginning after December 31, 2012.

Amendments by Sec. 104(c)(2) of Pub. L. 112-240 effective for taxable years beginning after December 31, 2011.

EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by Sec. 103(a) of Pub. L. 111-312 effective for taxable years beginning after December 31, 2010.

Amendment by Sec. 10909(b) of Pub. L. 111-148 effective for taxable years beginning after December 31, 2009. Pub. L. 111-148, Sec. 10909(c), as amended by Pub. L. 111-312, Sec. 101(b)(1), provided that:

“(c) SUNSET PROVISION.—Each provision of law amended by this section is amended to read as such provision would read if this section had never been enacted. The amendments made by the preceding sentence shall apply to taxable years beginning after December 31, 2011.”

EFFECTIVE DATE OF 2009 AMENDMENTS

Amendments by Pub. L. 111-5, Div. B, Sec. 1004(a), effective for taxable years beginning after December 31, 2008.

EFFECTIVE DATE OF 2001 AMENDMENT

Amendment by Pub. L. 107-16, Sec. 401(g)(2)(A), effective for taxable years beginning after December 31, 2001.

Section 901 (Sunset of Provisions of Act) of Pub. L. 107-16, as amended by Pub. L. 107-358 and Pub. L. 111-312, Sec. 101(a), and struck by Pub. L. 112-240, Sec. 101(a)(1) (effective for taxable, plan, or limitation years beginning after Dec. 31, 2012, and estates of decedents dying, gifts made, or generation skipping transfers after Dec. 31, 2012), provided that:

“(a) IN GENERAL.--All provisions of, and amendments made by, this Act shall not apply--

“(1) to taxable, plan, or limitation years beginning after December 31, 2012, or

“(2) in the case of title V, to estates of decedents dying, gifts made, or generation skipping transfers, after December 31, 2012.

“(b) APPLICATION OF CERTAIN LAWS.--The Internal Revenue Code of 1986 and the Employee Retirement Income Security Act of 1974 shall be applied and administered to years, estates, gifts, and transfers described in subsection (a) as if the provisions and amendments described in subsection (a) had never been enacted.

“(c) EXCEPTION.-Subsection (a) shall not apply to section 803 (relating to no federal income tax on restitution received by victims of the Nazi regime or their heirs or estates).”

NOTE: Section 10909(c) of Pub. L. 111-148 provided:

“(c) UNSET PROVISION.—Each provision of law amended by this section is amended to read as such provision would read if this section had never been enacted. The amendments made by the preceding sentence shall apply to taxable years beginning after December 31, 2011.”

EFFECTIVE DATE

Effective for expenses paid after December 31, 1997 (in taxable years ending after such date), for education furnished in academic periods beginning after such date. However, Sec. 201(f)(2) provided the following exception for section 25A(a)(2):

“(2) Lifetime learning credit.--Section 25A(a)(2) of the Internal Revenue Code of 1986 shall apply to expenses paid after June 30, 1998 (in taxable years ending after such date), for education furnished in academic periods beginning after such dates.”

EMERGENCY FINANCIAL AID GRANTS

Sec. 277 of Pub. L. 116-260, Div. N, provided:

“SEC. 277. EMERGENCY FINANCIAL AID GRANTS.

“(a) IN GENERAL.—In the case of a student receiving a qualified emergency financial aid grant—

“(1) such grant shall not be included in the gross income of such individual for purposes of the Internal Revenue Code of 1986, and

“(2) such grant shall not be treated as described in subparagraph (A), (B), or (C) of section 25A(g)(2) of such Code.

“(b) DEFINITIONS.—For purposes of this subsection, the term “qualified emergency financial aid grant” means—

“(1) any emergency financial aid grant awarded by an institution of higher education under section 3504 of the CARES Act,

“(2) any emergency financial aid grant from an institution of higher education made with funds made available under section 18004 of the CARES Act, and

“(3) any other emergency financial aid grant made to a student from a Federal agency, a State, an Indian tribe, an institution of higher education, or a scholarship-granting organization (including a tribal organization, as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C.5304)) for the purpose of providing financial relief to students enrolled at institutions of higher education in response to a qualifying emergency (as defined in section 3502(a)(4) of the CARES Act).

“(c) LIMITATION.—This section shall not apply to that portion of any amount received which represents payment for teaching, research, or other services required as a condition for receiving the qualified emergency financial aid grant.

“(d) EFFECTIVE DATE.—This section shall apply to qualified emergency financial aid grants made after March 10 26, 2020.”

TREATMENT OF POSSESSIONS

Section 1004(c) of Pub. L. 111-5, Div. B, as amended by Pub. L. 111-312, Sec. 103(a)(2), and Pub. L. 112-240, Sec. 103(a)(2), provided that:

“(c) TREATMENT OF POSSESSIONS.—

“(1) PAYMENTS TO POSSESSIONS.—

“(A) MIRROR CODE POSSESSION.—The Secretary of the Treasury shall pay to each possession of the United States with a mirror code tax system amounts equal to the loss to that possession by reason of the application of section 25A(i)(6) of the Internal Revenue Code of 1986 (as added by this section) with respect to taxable years beginning after 2008 and before 2018. Such amounts shall be determined by the Secretary of the Treasury based on information provided by the government of the respective possession.

“(B) OTHER POSSESSIONS.—The Secretary of the Treasury shall pay to each possession of the United States which does not have a mirror code tax system amounts estimated by the Secretary of the Treasury as being equal to the aggregate benefits that would have been provided to residents of such possession by reason of the application of section 25A(i)(6) of such Code (as so added) for taxable years beginning after 2008 and before 2018 if a mirror code tax system had been in effect in such possession. The preceding sentence shall not apply with respect to any possession of the United States unless such possession has a plan, which has been approved by the Secretary of the Treasury, under which such possession will promptly distribute such payments to the residents of such possession.

“(2) COORDINATION WITH CREDIT ALLOWED AGAINST UNITED STATES INCOME TAXES.—Section 25A(i)(6) of such Code (as added by this section) shall not apply to a bona fide resident of any possession of the United States.

“(3) DEFINITIONS AND SPECIAL RULES.—

“(A) POSSESSION OF THE UNITED STATES.—For purposes of this subsection, the term “possession of the United States” includes the Commonwealth of Puerto Rico and the Commonwealth of the Northern Mariana Islands.

“(B) MIRROR CODE TAX SYSTEM.—For purposes of this subsection, the term “mirror code tax system” means, with respect to any possession of the United States, the income tax system of such possession if the income tax liability of the residents of such possession under such system is determined by reference to the income tax laws of the United States as if such possession were the United States.

“(C) TREATMENT OF PAYMENTS.—For purposes of section 1324(b)(2) of title 31, United States Code, the payments under this subsection shall be treated in the same manner as a refund due from the credit allowed under section 25A of the Internal Revenue Code of 1986 by reason of subsection (i)(6) of such section (as added by this section).”

TREASURY STUDIES REGARDING EDUCATION INCENTIVES

Section 1004(f) of Pub. L. 111-5, Div. B, provided that:

“(f) TREASURY STUDIES REGARDING EDUCATION INCENTIVES.—

“(1) STUDY REGARDING COORDINATION WITH NON-TAX STUDENT FINANCIAL ASSISTANCE.—The Secretary of the Treasury and the Secretary of Education, or their delegates, shall—

“(A) study how to coordinate the credit allowed under section 25A of the Internal Revenue Code of 1986 with the Federal Pell Grant program under section 401 of the Higher Education Act of 1965 to maximize their effectiveness at promoting college affordability, and

“(B) examine ways to expedite the delivery of the tax credit.

“(2) STUDY REGARDING INCLUSION OF COMMUNITY SERVICE REQUIREMENTS.—The Secretary of the Treasury and the Secretary of Education, or their delegates, shall study the feasibility of requiring including community service as a condition of taking their tuition and related expenses into account under section 25A of the Internal Revenue Code of 1986.

“(3) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Secretary of the Treasury, or the Secretary's delegate, shall report to Congress on the results of the studies conducted under this paragraph.”

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