

Here's how you know



American Opportunity Tax Credit


The American Opportunity Tax Credit (AOTC) is a credit for qualified education expenses paid for an eligible student for the first 4 years of higher education. You can get a maximum annual credit of \$2,500 per eligible student. If the credit brings the amount of tax you owe to zero, you can have 40 percent of any remaining amount of the credit (up to \$1,000) refunded to you.

The amount of the credit is 100 percent of the first \$2,000 of qualified education expenses you paid for each eligible student and 25 percent of the next \$2,000 of qualified education expenses you paid for that student.

Who is an eligible student for AOTC?

Use the [Interactive Tax Assistant](#) to see if you're eligible to claim an education credit.

To be eligible for AOTC, the student must:

- Be pursuing a degree or other recognized education credential in a post-secondary educational institution eligible to participate in a [US Department of Education](#)  student aid program.
- Be enrolled at least half-time for at least 1 academic period* beginning in the tax year
- Not have finished the first 4 years of higher education at the beginning of the tax year
- Not have claimed AOTC or the former Hope Credit for more than 4 tax years; AOTC years do not have to be consecutive but do include years the Hope credit was claimed for the same student
- Not have a felony drug conviction at the end of the tax year

***Academic period** can be semesters, trimesters, quarters or any other period of study such as a summer school session. Schools determine academic periods. For schools that use clock or credit hours and don't have academic terms, the payment period may be treated as an academic period.

Courses can be online.

Claiming the credit

To claim AOTC, you must complete the [Form 8863](#) and attach the completed form to your tax return.

To be eligible for AOTC, the law requires the student to have received Form 1098-T, Tuition Statement, from an eligible educational institution, domestic or foreign. Generally, students get the form from their school by Jan. 31.

If you received a Form 1098-T, this statement will help you figure your credit. The form will have an amount in Box 1 to show the amounts received during the year. This amount may not be the amount you can claim. For information on what amount to claim, see qualified education expenses in [Tax Benefits for Education, Pub. 970](#). Check the form to make sure it's correct. If it isn't correct or you don't receive the form but should, contact the institution.

If you didn't receive Form 1098-T, you may still be eligible to claim a credit. The institution isn't required to furnish Form 1098-T if the student:

- Is a qualified nonresident alien
- Has qualified education expenses paid entirely with scholarships or under a formal billing arrangement
- Is enrolled in courses for which no academic credit is awarded

To claim a credit without it if you otherwise qualify, show that the student was enrolled at an eligible institution and substantiate the payment of the qualified tuition and related expenses.

Be careful claiming AOTC

Make sure you're qualified before claiming the credit. Keep copies of all documents you used to find out if you qualify and determine the credit amount.

If we audit your return and find your claim is incorrect and you don't have the documents to show you qualified, you:

- Must pay back the amount of the AOTC you received in error with interest
- May also be charged an accuracy or a fraud penalty
- Can be banned from claiming AOTC for 2 to 10 years

If your AOTC claim was disallowed in a previous tax year, you may need to file [Form 8862](#) [PDF](#) before claiming the credit in future tax years. See [My credit was disallowed and now I want to claim it](#).

Get TIN before return due date

You can only claim AOTC if you, your spouse (if filing jointly) and the qualifying student have a valid [taxpayer identification number \(TIN\)](#) issued or applied for on or before the return's due date (including extensions).

You may not claim AOTC on a later original return or amended return if the TIN is issued or applied for after the return's due date (including extensions).

AOTC income limits

- To claim the full credit, your [modified adjusted gross income \(MAGI\)](#) must be \$80,000 or less (\$160,000 or less for married filing jointly).
- You receive a reduced amount of the credit if your MAGI is over \$80,000 but less than \$90,000 (over \$160,000 but less than \$180,000 for married filing jointly).
- You can't claim the credit if your MAGI is over \$90,000 (\$180,000 for joint filers).