

## Education Tax Incentives (Overview)

### **HOPE Scholarship Credit**

- May be elected during the first two years of a taxpayer's, spouse's or dependent's post-secondary education.
- Tax credit of up to 100% of the first \$1,200 and 50% of the second \$1,200 of qualified tuition and related expenses paid in 2009 (maximum of \$1,800).
- Phased out as adjusted gross income exceeds specified levels.

### **Lifetime Learning Credit**

- Equal to 20% of the first \$10,000 of qualified tuition and related fees paid for all eligible students in 2009 (maximum of \$2,000).
- Available for undergraduate, graduate-level and course work that improves job skills.
- Phased out as adjusted gross income exceeds specified levels.
- Either the HOPE or Lifetime Learning credit may be taken for the same student in any one year, but not both.

### **College Tuition Deduction**

- An above-the-line deduction (\$4,000 in 2009) for qualified higher education expenses; available through 2009.
- Cannot be claimed in the same year as a HOPE or Lifetime Learning credit for the same student.
- The deduction is phased out as adjusted gross income exceeds specified levels.

### **Qualified Tuition Programs**

- Distributions made in 2009 from state-sponsored and privately-sponsored qualified tuition plans are excluded from gross income to the extent they cover qualified higher education costs.