

Table 35-1. Comparison of Education Credits

<p>Caution. If you have more than one student eligible for the American opportunity credit or the Hope credit, you must claim the same credit for all eligible students. You cannot claim both the American opportunity credit and the Hope credit on the same tax return. However, you can claim both the American opportunity credit and the lifetime learning credit, or the Hope credit and the lifetime learning credit on the same return—but not for the same student.</p>			
	American Opportunity Credit – NEW	Hope Credit*	Lifetime Learning Credit
Maximum credit	Up to \$2,500 credit per eligible student	Up to \$1,800 (\$3,600 if a student in a Midwestern disaster area) credit per eligible student	Up to \$2,000 (\$4,000 if a student in a Midwestern disaster area) credit per return
Limit on modified adjusted gross income (MAGI)	\$180,000 if married filing jointly; \$90,000 if single, head of household, or qualifying widow(er)	\$120,000 if married filing jointly; \$60,000 if single, head of household, or qualifying widow(er)	
Refundable or nonrefundable	40% of credit may be refundable	Credit limited to the amount of tax you must pay on your taxable income	
Number of years of postsecondary education	Available ONLY for the first 4 years of postsecondary education	Available ONLY for the first 2 years of postsecondary education	Available for all years of postsecondary education and for courses to acquire or improve job skills
Number of tax years credit available	Available ONLY for 4 tax years per eligible student	Available ONLY for 2 tax years per eligible student	Available for an unlimited number of years
Type of degree required	Student must be pursuing an undergraduate degree or other recognized education credential		Student does not need to be pursuing a degree or other recognized education credential
Number of courses	Student must be enrolled at least half time for at least one academic period beginning during the tax year		Available for one or more courses
Felony drug conviction	No felony drug convictions on student's records		Felony drug convictions are permitted
Qualified expenses	Tuition and required enrollment fees. Course-related books, supplies, and equipment do not need to be purchased from the institution in order to qualify.	Tuition and required enrollment fees, including amounts required to be paid to the institution for course-related books, supplies, and equipment. Additional expenses allowed for students in Midwestern disaster areas.	
Payments for academic periods	Payments made in 2009 for academic periods beginning in 2009 and in the first 3 months of 2010		

* You can claim the Hope credit **only** if at least one eligible student is attending an eligible educational institution in a Midwestern disaster area (see Table 4-2 in chapter 4 of Publication 970 for a list of qualifying disaster areas).