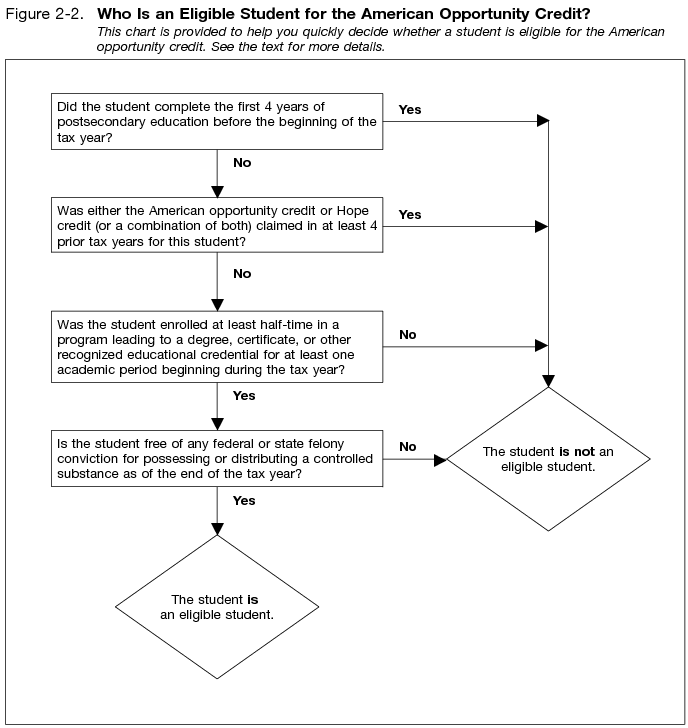
**Table 2-1.Overview of the American Opportunity Credit**

|  |  |
| --- | --- |
| **Maximum credit** | Up to $2,500 credit per **eligible student** |
| **Limit on modified adjusted gross income (MAGI)** | $180,000 if married filling jointly; $90,000 if single, head of household, or qualifying widow(er) |
| **Refundable or nonrefundable** | 40% of credit may be refundable; the rest is nonrefundable |
| **Number of years of postsecondary education** | Available **ONLY** for the first **4** years of postsecondary education |
| **Number of tax years credit available** | Available **ONLY** for **4** tax years per eligible student (including any year(s) Hope credit was claimed) |
| **Type of degree required** | Student must 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 that begins during the tax year |
| **Felony drug conviction** | As of the end of 2011, the student had not been convicted of a felony for possessing or distributing a controlled substance |
| **Qualified expenses** | Tuition, required enrollment fees, and course materials that the student needs for a course of study whether or not the materials are bought at the educational institution as a condition of enrollment or attendance |
| **Payments for academic periods** | Payments made in 2011 for academic periods beginning in 2011 or beginning in the first 3 months of 2012 |

Information from the IRS: <http://www.irs.gov/publications/p970/ch02.html>



**Example 3.**

During the 2012 fall semester, Larry was a high school student who took classes on a half-time basis at College X. Larry was not enrolled as part of a degree program at College X because College X only admits students to a degree program if they have a high school diploma or equivalent. Because Larry was not enrolled in a degree program at College X during 2012, Larry was not an eligible student for tax year 2012.

The facts are the same as in Example 3. During the 2012 spring semester, Larry again attended College X but not as part of a degree program. Larry graduated from high school in June 2012. For the 2012 fall semester, Larry enrolled as a full-time student in College X as part of a degree program, and College X awarded Larry credit for his prior coursework at College X. Because Larry was enrolled in a degree program at College X for the 2012 fall term on at least a half-time basis, Larry is an eligible student for all of tax year 2012. Therefore, the qualified education expenses paid for classes taken at College X during both the 2012 spring semester (during which Larry was not enrolled in a degree program) and the 2012 fall semester are taken into account in computing any American opportunity credit.