

Appendix

Why you should care about taxes if you work with poor people- by Angela Divaris

Materials from IRS Publication 4012

Income Quick Reference Guide

Nontaxable Income

Dependency Worksheet for Determining Support

Table 3: Children of Divorced or Separated Parents or Parents Who Live Apart

Earned Income Table

Summary of EIC Eligibility Requirement

EIC General Eligibility Rules

Screening Sheet – Child & Dependent Care Expenses

Child Tax Credit (CTC)

Additional Child Tax Credit (CTC) – General Eligibility

Table 1: Does Your Qualifying Child Qualify You for the Child Tax Credit or Credit for Other Dependents?

Credit for Other Dependents

Highlights of Education Tax Benefits

EIC With a Qualifying Child

EIC Without a Qualifying Child

Screening Sheet – Credit for the Elderly or the Disabled

Education Credits

Determining Qualified Education Expenses

Materials from DOR Taxpayer Advocate

Senior Circuit Breaker Credit

Child & Family Tax Credit

Earned Income Tax Credit

Tax Year 2024 Filing Season Update

Massachusetts Taxpayers Bill of Rights

Legislation

Senate Bill: *An Act to reduce poverty by expanding the EITC and the child and family tax credit*

House Bill: *An Act supporting families through enhanced tax credits*

Income Quick Reference Guide

This list is a quick reference and volunteers should refer to Publication 525, Taxable and Nontaxable Income, for more information. Don't rely on this list alone. Some of the income items on this chart are Out of Scope. Review the Scope of Service chart to identify Out of Scope items. Refer taxpayers with Out of Scope income to a professional tax preparer. Confirm that all income received by the taxpayer has been discussed and shown on the return, if required. To determine taxability at the state level, check with your state's department of revenue.

Table A – Examples of Taxable Income		
(Examples of income to consider when determining whether a return must be filed or if a person meets the gross income test for qualifying relative)		
<ul style="list-style-type: none"> • Wages, salaries, bonuses, commissions • Alimony (for divorce before 2019, see How/Where to Enter Income, later) • Annuities • Awards • Back pay • Breach of contract payment • Business income/Self-employment income • Cash income • Compensation for personal services • Canceled debts¹ • Director's fees • Disability benefits (employer-funded) • Discounts • Dividends • Employee awards • Employee bonuses • Estate and trust income 	<ul style="list-style-type: none"> • Farm income • Fees • Gains from sale of property or securities • Gambling winnings • Hobby income • Grants to businesses, even disaster related, unless exempted by law • Interest • Interest on life insurance dividends • IRA distributions • Jury duty fees • Military pay (not exempt from taxation) • Military pension • Nonemployee compensation • Notary fees • Partnership, Estate and S-Corporation income (Schedule K-1s, Taxpayer's share) • Pensions • Prizes • Punitive damage award 	<ul style="list-style-type: none"> • Railroad retirement—Tier I (portion may be taxable) • Railroad retirement—Tier II • Recovery of prior year deduction² (medical, property taxes, etc.) • Refunds of State and local income tax (if reportable)² • Rents (gross rent) • Rewards • Royalties • Severance pay • Self-employment (gross income) • Social Security benefits (including SSDI) – portion may be taxable – (See Tab D, Income, Form SSA-1099/RRB-1099 Tier 1 Distributions) • Supplemental unemployment benefits • Taxable scholarships and grants • Tips and gratuities • Tribal per capita payments • Unemployment compensation

Footnotes

¹If the taxpayer received a Form 1099-C, Cancellation of Debt, in relation to their main home, it can be nontaxable, as is forgiveness of certain student loans

²If itemized in year paid and taxes were reduced because of deduction

Nontaxable Income

Table B – Examples of Nontaxable Income (Examples of income items to exclude when determining whether a return must be filed)	
<ul style="list-style-type: none"> • Child support • Civil damages, restitution or other monetary award paid to someone because that person was wrongfully incarcerated • Damages for physical injury (other than punitive) • Death payments • Dividends on life insurance • Federal Employees' Compensation Act payments • Federal income tax refunds • Gifts • Grants to individuals if due to a qualified disaster (otherwise taxable unless exempted by law) • Inheritance³ or bequest • Insurance proceeds (Accident, Casualty, Health, Life) • Interest on tax-free securities • Interest on EE/I bonds redeemed for qualified higher education expenses • Meals and lodging for the convenience of employer • Olympic and Paralympic Games medals and prizes⁴ 	<ul style="list-style-type: none"> • Payments in lieu of worker's compensation • Qualified Medicaid waiver payments • Relocation payments • Rebate/Patronage Dividends issued by co-ops for personal use are not taxable • Reimbursements by employers or volunteer organizations for ordinary and necessary actual expenses • Rental less than 15 days⁵ • Rental allowance of clergyman • Reverse mortgages • Sickness and injury payments • Social Security benefits – portion may not be taxable (See Tab D, Income, Form SSA-1099/RRB-1099 Tier 1 Distributions) • Student loan forgiveness (2021-2026) • Supplemental Security Income (SSI) • Temporary Assistance for Needy Families (TANF) • Terrorist or military action, certain payments received as a result • Veterans' benefits • Welfare payments (including TANF) and food stamps • Worker's compensation and similar payments

Footnotes

³An inheritance isn't reported on the income tax return, but a distribution from an inherited pension or annuity is subject to the same tax as the original owner would have had to pay

⁴The exclusion does not apply to a taxpayer for any year in which the taxpayer's AGI exceeds \$1 million (or \$500,000 for an individual filing a MFS return)

⁵If you use a dwelling unit as a home and you rent it less than 15 days during the year, you are not required to report the rental income and rental expenses from this activity. See Publication 527, Residential Rental Property. Reportable rental income is in scope for Military certification only.

Armed Forces Gross Income

Members of the Armed Forces receive many different types of pay and allowances. Some are included in gross income while others are excluded from gross income. Table 1 lists included items that are subject to tax and must be reported on your tax return. Table 2 lists excluded items that are not subject to tax, but may have to be shown on your tax return. See Publication 3, Armed Forces' Tax Guide, for additional information. To determine taxability at the state level, check with your state's department of revenue.

Dependency Worksheet for Determining Support



Taxpayers should keep a completed copy of this worksheet for their records. See the following page for important notes.

Funds Belonging to the Person You Supported	
1. Enter the total funds belonging to the person you supported, including income received (taxable and nontaxable) and amounts borrowed during the year, plus the amount in savings and other accounts at the beginning of the year. Don't include funds provided by the state; include those amounts on line 23 instead	1. _____
2. Enter the amount on line 1 that was used for the person's support	2. _____
3. Enter the amount on line 1 that was used for other purposes	3. _____
4. Enter the total amount in the person's savings and other accounts at the end of the year	4. _____
5. Add lines 2 through 4. (This amount should equal line 1.)	5. _____
Expenses for Entire Household (where the person you supported lived)	
6. Lodging (complete line 6a or 6b):	
a. Enter the total rent paid	6a. _____
b. Enter the fair rental value of the home. If the person you supported owned the home, also include this amount in line 21	6b. _____
7. Enter the total food expenses	7. _____
8. Enter the total amount of utilities (heat, light, water, etc. not included in line 6a or 6b)	8. _____
9. Enter the total amount of repairs (not included in line 6a or 6b)	9. _____
10. Enter the total of other expenses. Don't include expenses of maintaining the home, such as mortgage interest, real estate taxes, and insurance	10. _____
11. Add lines 6a through 10. These are the total household expenses	11. _____
12. Enter total number of persons who lived in the household	12. _____
Expenses for the Person You Supported	
13. Divide line 11 by line 12. This is the person's share of the household expenses	13. _____
14. Enter the person's total clothing expenses	14. _____
15. Enter the person's total education expenses	15. _____
16. Enter the person's total medical and dental expenses not paid for or reimbursed by insurance ¹	16. _____
17. Enter the person's total travel and recreation expenses	17. _____
18. Enter the total of the person's other expenses ²	18. _____
19. Add lines 13 through 18. This is the total cost of the person's support for the year	19. _____
Did the Person Provide More Than Half of His or Her Own Support?	
20. Multiply line 19 by 50% (0.50)	20. _____
21. Enter the amount from line 2, plus the amount from line 6b if the person you supported owned the home. This is the amount the person provided for his or her own support	21. _____
22. Is line 21 more than line 20?	
<input type="checkbox"/> No. You meet the support test for this person to be your qualifying child. If this person also meets the other tests to be a qualifying child, stop here; don't complete lines 23–26. Otherwise, go to line 23 and fill out the rest of the worksheet to determine if this person is your qualifying relative.	
<input type="checkbox"/> Yes. You don't meet the support test for this person to be either your qualifying child or your qualifying relative. Stop here.	

Dependency Worksheet for Determining Support (continued)

Did You Provide More Than Half?

23. Enter the amount others provided for the person's support. Include amounts provided by state, local, and other welfare societies or agencies. Don't include any amounts included on line 1 23. _____
24. Add lines 21 and 23 24. _____
25. Subtract line 24 from line 19. This is the amount you provided for the person's support 25. _____
26. Is line 25 more than line 20?
- Yes.** You meet the support test for this person to be your qualifying relative.
- No.** You don't meet the support test for this person to be your qualifying relative. You can't claim this person as a dependent unless you can do so under a multiple support agreement, the support test for children of divorced or separated parents, or the special rule for kidnapped children. See the following sections in Publication 501: Multiple Support Agreement, Support Test for Children of Divorced or Separated Parents (or Parents Who Live Apart), or Kidnapped child under Qualifying Relative.

Footnotes

¹Include medical and dental insurance premiums.

²Include childcare expenses.

The following items aren't included in total support:

- Federal, state, and local income taxes paid by persons from their own income
- Social Security and Medicare taxes paid by persons from their own income
- Life insurance premiums
- Funeral expenses
- Scholarships received by your child if your child is a student
- Survivors' and Dependents' Educational Assistance payments used for the support of the child who receives them

 **TANF and other governmental payments.** Under proposed Treasury regulations, if you received Temporary Assistance to Needy Families (TANF) payments or other similar payments and used the payment to support another person, those payments are considered support you provided for that person, rather than support provided by the government or other third party.

 **Social Security benefits.** If spouses each receive benefits that are paid by one check made out to both of them, half of the total paid is considered to be for the support of each spouse, unless they can show otherwise. If a child receives Social Security benefits and uses them toward his or her own support, the benefits are considered as provided by the child.

 **Foster care payments and expenses.** Payments you receive for the support of a foster child from a child placement agency are considered support provided by the agency. Similarly, payments you receive for the support of a foster child from a state or county are considered support provided by the state or county.

 **Armed Forces dependency allotments.** The part of the allotment contributed by the government and the part taken out of your military pay are both considered provided by you in figuring whether you provide more than half of the support. If your allotment is used to support persons other than those you name, you can claim them as dependents if they otherwise qualify.

 **Tax-exempt income.** In figuring a person's total support, include tax-exempt income, savings, and borrowed amounts used to support that person. Tax-exempt income includes certain Social Security benefits, welfare benefits, nontaxable life insurance proceeds, Armed Forces family allotments, nontaxable pensions, and tax-exempt interest.

Table 3: Children of Divorced or Separated Parents or Parents Who Live Apart

Use this table when directed from Table 1 or Table 2 to determine if the exception applies to the qualifying child residency test or the qualifying relative support test

Step	Probe/Ask the taxpayer:	Action
1	Did the child receive over half of his or her support ⁴ from the parents who are: <ul style="list-style-type: none"> • Divorced OR • Legally separated under a decree of divorce or separate maintenance OR • Separated under a written separation agreement OR • Lived apart at all times during the last 6 months of the year? 	If YES , go to Step 2. If NO , Table 3 doesn't apply.
2	Was the child in the custody of one or both parents for more than half the year? ¹	If YES , go to Step 3. If NO , Table 3 doesn't apply.
3	Did the custodial parent (parent with whom the child lived for the greater number of nights during the year) provide the taxpayer a signed written declaration (Form 8332, Release/Revocation of Release of Claim to Exemption to Child by Custodial Parent, a copy of Form 8332, or similar document) releasing his or her claim to the child as a dependent?	If YES , the Table 3 exception applies. ² Return to the appropriate step in Table 1 or Table 2. If NO , go to Step 4.
4	Are either of the following statements true? The taxpayer has a post-1984 and pre-2009 decree ³ or agreement that is applicable for the current tax year and states <i>all three of the following</i> : <ul style="list-style-type: none"> • The noncustodial parent can claim the child as a dependent without regard to any condition, such as payment of support. • The other parent won't claim the child as a dependent for the year. • The years for which the noncustodial parent can claim the child as a dependent. <p style="text-align: center;">OR</p> The taxpayer has a pre-1985 decree of divorce or separation maintenance or written separation agreement between the parents that provide that the noncustodial parent can claim the child as a dependent, and the noncustodial parent provides at least \$600 for support of the child during the current tax year.	If YES , the Table 3 exception applies. Return to the appropriate step in Table 1 or Table 2. If NO , Table 3 doesn't apply.

Footnotes

¹If the child is emancipated under state law, either by reaching age of majority or other means, child is treated as not living with either parent (see Publication 17).

²Post-2008 decree or agreement. If the divorce decree or separation agreement went into effect after 2008, the noncustodial parent can't attach pages from the decree or agreement instead of Form 8332. The custodial parent must sign, and the noncustodial parent must attach to his or her return, either Form 8332, or a copy of Form 8332 or a substantially similar statement the only purpose of which is to release the custodial parent's claim to a child. For an e-filed return, attach and submit the Form 8332 with Form 8453, U.S. Individual Income Tax Transmittal for an IRS e-file Return. Alternatively, scan Form 8332 and upload to the return as a Scanned Document. See Tab K.

³Post-1984 and Pre-2009 divorce decrees or agreements: The noncustodial parent must attach all of the following pages from the decree or agreement.

- Cover page (include the other parent's SSN on that page)
- The pages that include all the information identified in (1) through (3) above
- Signature page with the other parent's signature and date of agreement.

⁴If you remarry, the support provided by your new spouse is treated as provided by you.

Release of certain tax benefits revoked

A custodial parent who has revoked his or her previous release of a claim to certain tax benefits for a child must attach a copy of the revocation to his or her return. For the revocation to be effective for the current tax year, the custodial parent must have given (or made reasonable efforts to give) written notice of the revocation to the noncustodial parent in the prior tax year or earlier. (See Form 8332 for more details).

Other decrees or agreements that don't meet step 4:

Noncustodial parents must attach the Form 8332, or a copy of Form 8332 or similar statement to their return.

Earned Income Table

Earned Income for EIC²

Includes	Doesn't include
<ul style="list-style-type: none"> • Taxable wages, salaries, tips, and third-party sick pay • Union strike benefits • Taxable long-term disability benefits received prior to minimum retirement age • Net earnings from self-employment • Gross income of a statutory employee • Household employee income • Nontaxable combat pay election • Nonemployee compensation • The rental value of a home or a housing allowance provided to a minister as part of the minister's pay (Out of Scope) • Election/poll worker compensation 	<ul style="list-style-type: none"> • Interest and dividends • Social Security, including SSI and SSDI, and railroad retirement benefits • Welfare benefits • Workfare payments • Pensions and annuities (except if disability pension and taxpayer is under minimum retirement age) • Veteran's benefits (including VA rehabilitation payments) • Workers' compensation benefits • Alimony • Child support • Nontaxable foster-care payments • Unemployment compensation • Taxable scholarship or fellowship grants that aren't reported on Form W-2 • Earnings for work performed while an inmate at a penal institution or on work release¹ • Salary deferrals (for example, under a 401(k) or 403(b) plan or the Federal Thrift Savings Plan) • The value of meals or lodging provided by an employer for the convenience of the employer • Disability Insurance payments resulting from premiums paid by the taxpayer • Excludable dependent care benefits (line 25 of Form 2441) • Salary reductions such as under a cafeteria plan • Excludable employer-provided educational assistance benefits (may be shown in box 14 of Form W-2)

¹This particular income is entered as other income on the return and not counted as earned income. For instructions on entering this income, see Tab D, Income, Less Common Income and Entering Other Compensation in TaxSlayer.

²The same definitions can be applied to the Additional Child Tax Credit and the Dependent Care Credit.

Common EIC Filing Errors

- Claiming a child who doesn't meet the residency and relationship requirements
- Married taxpayers incorrectly filing as a single or head of household
- Incorrectly reporting income, particularly income and expenses from self-employment
- Incorrect Social Security numbers
- Not claiming a qualifying child because the child is not a dependent, e.g., a full time student under age 24 who supported themselves, or a disabled family member whose income covers half of their support. Support is not a test for EIC.

Summary of EIC Eligibility Requirements

Part A Rules for Everyone	Part B Rules If You Have a Qualifying Child	Part C Rules If You Don't Have a Qualifying Child	Part D Earned Income and AGI Limitations
<p>Taxpayers & qualifying children must all have SSN that is valid for employment by the due date of the return (including extensions).¹</p>	<p>Child must meet the relationship, age, residency test and joint return tests but not the support test. The child doesn't have to be your dependent.²</p>	<p>Must be at least age 25 but under age 65 as of December 31.³</p>	<p>You must have earned income to qualify for this credit. Your earned income and AGI must be less than:</p> <ul style="list-style-type: none"> • \$59,899 (\$66,819 if Married Filing Jointly) with three or more qualifying children • \$55,768 (\$62,688 if Married Filing Jointly) with two qualifying children • \$49,084 (\$56,004 if Married Filing Jointly) with one qualifying child • \$18,591 (\$25,511 if Married Filing Jointly) with no qualifying child
<p>You must meet certain requirements if you are separated from your spouse and not filing a joint return.⁴</p>	<p>Qualifying child can't be used by more than one person to claim the EIC.</p>	<p>Can't be the dependent of another person.</p>	
<p>Must be a U.S. citizen or resident alien all year.</p>	<p>The taxpayer can't be a qualifying child of another person.</p>	<p>Must have lived in the United States more than half the year.</p>	
<p>Can't file Form 2555 (relating to foreign earned income).</p>		<p>Can't be a qualifying child of another person.</p>	
<p>Investment income must be \$11,600 or less.</p>			
<p>Can't be a qualifying child of another person.</p>			

¹If the taxpayer's Social Security card says "VALID FOR WORK ONLY WITH INS OR DHS AUTHORIZATION," the taxpayer can use the Social Security number to claim EIC if they otherwise qualify.

If taxpayer (or spouse, if filing a joint return) or dependent has an individual taxpayer identification number (ITIN), they can't get the EIC. ITINs are issued by the IRS to noncitizens who can't get an SSN. Singles and couples who have Social Security numbers can claim the credit, even if their children don't have SSNs. In this instance, they would get the smaller credit available to childless workers. In the past, these filers didn't qualify for the credit.

If the taxpayer's Social Security card has a "NOT VALID FOR EMPLOYMENT" imprint, and if the card-holder obtained the SSN to get a federally funded benefit, such as Medicaid, they can't get the EIC.

²To meet the joint return test, the child cannot file a joint return for the year unless it's only to claim a refund of income tax withheld or estimated tax paid.

³Taxpayers turning 25 on January 1st are considered to be 25 as of December 31st. Taxpayers reaching the age 65 on January 1st are still considered to be 64 as of December 31st.

⁴Married taxpayers who don't file a joint return can claim the EIC only if they had a qualifying child living with them for more than 1/2 the year and either lived apart from their spouse for the last 6 months of the year or are legally separated according to state law under a legal separation agreement or a decree of separate maintenance and didn't live in the same household as the spouse at the end of the year. If the separated spouse has a qualifying child but no qualifying child has a valid SSN, the separated spouse can still meet this special rule and claim self-only EITC.

 [Basic Information](#)>[Personal Information](#)>[Filing Married Filing Separate and meets the requirements to claim the EIC](#); or Keyword: *PER*

 *Taxpayers cannot file an amended return to claim the credit for a year they did not originally have a valid Social Security number.*

EIC General Eligibility Rules

Step	Probe/Ask the taxpayer	Action
1	Calculate the taxpayer's earned income and adjusted gross income (AGI) for the tax year. Are both less than: <ul style="list-style-type: none"> • \$59,899 (\$66,819 if Married Filing Jointly) with three or more qualifying children; • \$55,768 (\$62,688 if Married Filing Jointly) with two qualifying children; • \$49,084 (\$56,004 if Married Filing Jointly) with one qualifying child; or • \$18,591 (\$25,511 if Married Filing Jointly) with no qualifying children? 	If YES , go to Step 2. If NO , STOP. You can't claim the EIC.
2	Do you (and your spouse, if filing jointly) have a Social Security number (SSN) that allows you to work? ¹ Answer "NO" if the taxpayer's Social Security card has a "NOT VALID FOR EMPLOYMENT" imprint, and if the cardholder obtained the SSN to get a federally funded benefit, such as Medicaid.	If YES , go to Step 3. If NO , STOP. You can't claim the EIC.
3	Do any of the following apply: <ul style="list-style-type: none"> • you were not married at the end of 2024, or • you are filing a joint return with your spouse, or • the special rule for separated spouses applies (see Footnote 4 on the previous page)? 	If YES , go to Step 4. If NO , STOP. You can't claim the EIC..
4	Are you a nonresident alien? Answer "NO" if the taxpayer is married filing jointly, and one spouse is a citizen or resident alien and the other is a nonresident alien.	If YES and you are either unmarried or married but not filing a joint return, STOP. You can't claim the EIC. If NO , go to Step 5.
5	Are you (or your spouse, if filing jointly) filing Form 2555 (Foreign Earned Income) to exclude income earned in a foreign country?	If YES , STOP. You can't claim the EIC. If NO , go to Step 6.
6	Is your investment income (interest, tax exempt interest, dividends, capital gains distributions & capital gains) more than \$11,600?	If YES , STOP. You can't claim the EIC. If NO , go to Step 7.
7	Could you (or your spouse, if filing jointly) be the qualifying child of another taxpayer? Answer "NO" if the other taxpayer isn't required to file, and isn't filing a tax return or is filing a return only to claim a refund of withheld income tax or estimated tax paid.	If YES , STOP. You can't claim the EIC. If NO , go to the interview tips for EIC—With a Qualifying Child or EIC—Without a Qualifying Child.

¹If the taxpayer's Social Security card says VALID FOR WORK ONLY WITH INS OR DHS AUTHORIZATION, the taxpayer can use the Social Security number to claim EIC if they otherwise qualify.



Separated spouses who are eligible to claim the EIC must check the checkbox on Schedule EIC and list a qualifying child to show they meet the special rule for claiming the credit.



If the taxpayer is filing MFS and meets the requirements to claim EIC, go to Basic Information>Personal Information>Filing Married Filing Separate and meets the requirements to claim the EIC.



The Due Diligence Worksheet in TaxSlayer is not required for volunteer preparers.



The IRS cannot issue refunds before mid-February for returns that claim the EIC.

Screening Sheet – Child & Dependent Care Expenses

Step	Probe/Ask the taxpayer:	Action
1	Was the care for one or more qualifying persons? See prior page for definition.	YES – Go to Step 2 NO – You CAN'T claim the child and dependent care credit
2	Did you (and your spouse if applicable) have earned income ¹ during the year? Refer to the Earned Income Table in Tab I, Earned Income Credit.	YES – Go to Step 3 NO – You CAN'T claim the child and dependent care credit
3	Did you pay the expenses ² to allow you to work or look for work? See prior page for qualifying expenses.	YES – Go to Step 4 NO – You CAN'T claim the child and dependent care credit
4	Were your payments made to someone you or your spouse could claim as a dependent?	YES – You CAN'T claim the child and dependent care credit NO – Go to Step 5
5	Were your payments made to your spouse or to the parent of your child who is your qualifying person? Answer NO if your qualifying child is a disabled person over age 13.	YES – You CAN'T claim the child and dependent care credit NO – Go to Step 6
6	Were your payments made to your child who was under the age of 19 at the end of the year?	YES – You CAN'T claim the child and dependent care credit NO – Go to Step 7
7	Are you single?	YES – Go to Step 10 NO – Go to Step 8
8	Are you filing a joint return?	YES – Go to Step 10 NO – Go to Step 9
9	Do you meet the requirements to be considered unmarried? ³	YES – Go to Step 10 NO – You CAN'T claim the child and dependent care credit, but must complete Form 2441 for the exclusion if you had an amount in Form W-2, box 10
10	Do you know the care provider's name, address, and identifying number? Or did you make a reasonable effort to get this information? (See Due Diligence in Publication 503.)	YES – Go to Step 11 NO – You CAN'T claim the child and dependent care credit
11	Did you have only one qualifying person and will exclude at least \$3,000 of dependent care benefits?	YES – You CAN'T claim the child and dependent care credit, but must still complete Form 2441 for the exclusion NO – You CAN claim the child and dependent care credit. Fill out Form 2441

Footnotes

¹Your spouse is treated as having earned income for any month that he or she is a full-time student, or physically or mentally not able to care for himself or herself. (Your spouse also must live with you for more than half the year.) If the taxpayer's spouse died during the year and he/she files a return as a surviving spouse, the taxpayer may, but isn't required to, take into account the earned income of the spouse who died during the year.

²If you had expenses that met the requirements for 2023, except that you didn't pay them until 2024, you may be able to claim those expenses in 2024.

³All of the following requirements must be met to be considered unmarried:

- You file a return apart from your spouse,
- Your home is the home of the qualifying person more than half the year,
- You paid more than half the cost of keeping up your home for the year, and
- Your spouse doesn't live in your home for the last 6 months of the year.

Child Tax Credit (CTC)

 Make sure the taxpayer's credit hasn't been disallowed previously. If previously disallowed, see Form 8862, *Information To Claim Certain Credits After Disallowance*, in Tab I, *Earned Income Credit*.

This is a credit intended to reduce tax. This part of the credit isn't refundable. The credit is up to \$2,000 per qualifying child and calculates automatically.

Qualifying child:

1. Under age 17 at the end of the tax year.
2. A U.S. citizen or U.S. national¹ or resident alien of the United States. See Tab L, Resident/NR Alien.
3. Child must be claimed as your dependent.²
4. Your:
 - a. child, adopted child, stepchild, eligible foster child, or a descendant of any of them
 - b. sibling, half sibling, stepsibling, or a descendant of any of them (for example, your niece or nephew)
5. Didn't provide over half of his or her own support.
6. Lived with the taxpayer for more than half of the tax year. (See exceptions to time lived with taxpayer in the Overview of the Rules for Claiming a Dependent chart in Tab C, Dependents).
7. Must have a Social Security number that is valid for employment issued before the due date of the return, including extensions.

 *If the taxpayer is able to claim the dependent under the rules for divorced and separated parents, he or she is the only parent entitled to claim the child tax credit or additional child tax credit.*

Schedule 8812 (Form 1040), Credits for Qualifying Children and Other Dependents, is intended to be filed by all taxpayers claiming the child tax credit, the additional child tax credit, or the credit for other dependents. See Tab C, Dependents, for additional information (including definitions and special rules relating to an adopted child, foster child, or qualifying child of more than one person).

Footnotes

¹A national is an individual who, although not a U.S. citizen, owes his or her allegiance to the United States. U.S. nationals include American Samoans and Northern Mariana Islanders who chose to become U.S. nationals instead of U.S. citizens.

²Refer to the tables in Tab C, Dependents, for the rules governing who may be claimed as a dependent.

Additional Child Tax Credit (ACTC) – General Eligibility

The child tax credit is generally a nonrefundable credit; however, certain taxpayers may be entitled to a refundable additional child tax credit:

- Taxpayers with more than \$2,500 of taxable earned income may be eligible for the additional child tax credit if they have at least one qualifying child.
- Taxpayers with three or more children may also be eligible for additional child tax credit regardless of their income.
- Limited to \$1,700 per qualifying child.



The IRS cannot issue refunds before mid-February for returns that claim the earned income credit (EIC) or the ACTC.



Taxpayers may not file an amended return to retroactively claim the additional child tax credit for a qualifying child if a valid SSN for the child is issued after the due date of the tax return.



(International Certification only) If you claim the foreign earned income exclusion, the housing exclusion, or the housing deduction on Form 2555, you can't claim the additional child tax credit.



See Disallowance of Certain Credits in Tab I, Earned Income Credit, if the taxpayer received a letter saying they had to complete Form 8862.

Table 1: Does Your Qualifying Child Qualify You for the Child Tax Credit or Credit for Other Dependents?

Remember to apply the steps for each dependent. To claim the child tax credit and/or the credit for other dependents, you can't be a dependent of another taxpayer.

Step	Probe/Ask the taxpayer:	Action
1	Is this person your qualifying child dependent? See Tab C, Dependents, Table 1: All Dependents	If YES , go to Step 2. If NO , you can't claim the child tax credit for this person. This person may qualify for the credit for other dependents, go to Table 2.
2	Did the child have an SSN, ITIN, or adoption taxpayer identification number (ATIN) issued on or before the due date of your return (including extensions)? (Answer "Yes" if you are applying for an ITIN or ATIN for the child on or before the due date of your return (including extensions).)	If YES , go to Step 3. If NO , you can't claim the child tax credit or the credit for other dependents for this child.
3	Was the child a U.S. citizen, U.S. national, or U.S. resident alien? (See Pub. 519, U.S. Tax Guide for Aliens, for the definition of a U.S. national or U.S. resident alien. If the child was adopted, see Exception to citizen test, below.)	If YES , go to Step 4. If NO , you can't claim the child tax credit or the credit for other dependents for this child.
4	Was the child under age 17 at the end of 2024?	If YES , go to Step 5. If NO , you can claim the credit for other dependents for this child.
5	Does this child have a Social Security Number valid for employment issued before the due date of the return (including extensions)?	If YES , you can claim the child tax credit for this person. Use Schedule 8812 to calculate the credit. If NO , you can claim the credit for other dependents for this child.

Modified Adjusted Gross Income Limits

- Married filing jointly - \$400,000
- All other filing statuses - \$200,000

Children of Divorced or Separated Parents

If the noncustodial parent can claim the child as a dependent, the noncustodial parent can also claim the child as a qualifying child for the child tax credit, the credit for other dependents, or the additional child tax credit.

Exception to Citizen Test

If you are a U.S. citizen or U.S. national and your adopted child lived with you all year as a member of your household, that child meets the citizen test.

Credit for Other Dependents

There is a \$500 credit for other dependents who do not qualify for the child tax credit. The dependent must be a U.S. citizen, U.S. national, or resident of the U.S. The dependent must have a valid identification number (ATIN, ITIN, or SSN).

The \$500 nonrefundable credit is available for dependents who don't qualify for the child tax credit, such as children who are age 17 and above, dependents with other relationships (such as elderly parents), or children who do not have a valid SSN. Taxpayers cannot claim the credit for themselves or their spouse.



Dependents who are not U.S. citizens or U.S. nationals, but are residents of Canada or Mexico do not qualify for either the Child Tax Credit or the Credit for Other Dependents.



If previously disallowed, see Form 8862, Information To Claim Certain Credits After Disallowance, in Tab I, Earned Income Credit.

Table 2: Does Your Qualifying Relative Qualify You for the Credit for Other Dependents?

Step	Probe/Ask the taxpayer:	Action
1	Is this person your qualifying relative dependent? See Tab C, Dependents, Table 2: Qualifying Relative Dependents.	If YES , go to Step 2. If NO , you can't claim the credit for other dependents for this person.
2	Did your qualifying relative have a SSN, ITIN, or ATIN issued on or before the due date of your 2024 return (including extensions)? (Answer "Yes" if you are applying for an ITIN or ATIN for the qualifying relative on or before the return due date (including extensions).)	If YES , go to Step 3. If NO , you can't claim the credit for other dependents for this person.
3	Was your qualifying relative a U.S. citizen, U.S. national, or U.S. resident alien?	If YES , you can claim the credit for other dependents for this person. If NO , stop. You can't claim the credit for other dependents for this person.

Highlights of Education Tax Benefits

This chart highlights some differences among the benefits discussed in Publication 970. See the text for definitions and details. Don't rely on this chart alone.



Expenses for professional development of an educator can be claimed as an educator expense adjustment.



You generally can't claim more than one benefit for the same education expense.

What type of benefit?	What is your benefit?	What is the annual limit?
Scholarships, Fellowships, Grants, and Tuition Reductions	Amounts received may not be taxable	None
American Opportunity Credit	Credits can reduce the amount of tax you have to pay. 40% of the credit may be refundable (limited to \$1,000 per student).	\$2,500 credit per student (100% of the first \$2,000 plus 25% of the second \$2,000 of qualified expenses per student)
Lifetime Learning Credit	Credits can reduce amount of tax you must pay	\$2,000 credit per tax return (20% of up to \$10,000 of qualified expenses)
Student Loan Interest Deduction	Can deduct interest paid on qualified loans. See Tab E, Adjustments, for more information.	\$2,500 deduction per return
Coverdell ESA* OOS if taxable	Earnings not taxed	\$2,000 contribution per beneficiary
Qualified Tuition Program (QTP) (529 Plan)* OOS if taxable	Earnings not taxed	None
Education Exception to Additional Tax on Early IRA Distributions*	No 10% additional tax on early distribution	Amount of qualified education expenses reduced by any tax-free educational assistance
Education Savings Bond Program* OOS	Interest not taxed	Amount of qualified education expenses
Employer - Provided Educational Assistance*	Employer benefits not taxed	\$5,250 exclusion
Business Deduction for Work-Related Education	Can deduct expenses	Amount of qualifying work-related education expenses

*Any nontaxable distribution is limited to the amount that doesn't exceed qualified education expenses.

OOS = Out of Scope

Highlights of Education Tax Benefits (continued)

What is the type of benefit?	What expenses qualify besides tuition and required enrollment fees?
Scholarships, Fellowships, Grants, and Tuition Reductions	Course-related expenses such as fees, books, supplies, and equipment
American Opportunity Credit	Course-related books, supplies, and equipment. See What are Qualifying Expenses later for additional information. Note: The maximum amount of qualified education expenses is \$4,000.
Lifetime Learning Credit	Student activity fees and expenses for course related books, supplies, and equipment are included in qualified education expenses only if the fees and expenses must be paid to the institution for enrollment or attendance. Note: The maximum amount of qualified education expenses is \$10,000
Coverdell ESA* OOS if taxable	<ul style="list-style-type: none"> • Books, Supplies, Equipment • Expenses for special needs services • Payments to QTP • Higher education: Room and Board if at least half-time student • Elem/sec (K-12) education: Tutoring, Room & board, Uniforms, Transportation, Computer access • Supplementary expenses
Qualified Tuition Program (QTP) (529 Plan)* OOS if taxable	<ul style="list-style-type: none"> • Higher Education: <ul style="list-style-type: none"> ◦ Books, Supplies, Equipment ◦ Room & board if at least half-time student ◦ Expenses for special needs services ◦ Computer Equipment, computer software, or Internet access and related services • Elem/sec (K-12) education: tuition only, see Pub. 970 • Principal or interest on beneficiary's or sibling's student loan. The amount of distributions for loan repayments of any individual is limited to \$10,000 lifetime.
Education Exception to Additional Tax on Early IRA Distributions*	<ul style="list-style-type: none"> • Books, Supplies, Equipment including computer or peripheral equipment, computer software and internet access and related services if used primarily by the student enrolled at an eligible education institution • Room & board if at least half-time student • Expenses for special needs services
Education Savings Bond Program* OOS	<ul style="list-style-type: none"> • Payments to Coverdell ESA • Payments to QTP
Employer-Provided Educational Assistance*	<ul style="list-style-type: none"> • Books, Supplies and Equipment • Principal or interest on any qualified education loan
Business Deduction for Work-Related Education	<ul style="list-style-type: none"> • Transportation • Travel • Other necessary expenses

*Any nontaxable distribution is limited to the amount that doesn't exceed qualified education expenses.

OOS = Out of Scope

Highlights of Education Tax Benefits (continued)

What is the type of benefit?	What education qualifies?	What are some of the other conditions that apply?	In what income range do benefits phase out?
Scholarships, Fellowships, Grants, and Tuition Reductions	<ul style="list-style-type: none"> • Undergraduate & graduate • K-12 	<ul style="list-style-type: none"> • Must be in degree or vocational program • Payment of tuition and required fees must be allowed under the grant 	<ul style="list-style-type: none"> • No phaseout
American Opportunity Credit	<ul style="list-style-type: none"> • Undergraduate & graduate • A graduate student can claim the American Opportunity Credit if and only if the student hasn't completed the first four years before the beginning of the tax year 	<ul style="list-style-type: none"> • Can be claimed for only 4 tax years (which includes years Hope credit claimed) • Must be enrolled at least half-time in degree program • No felony drug conviction(s) • Must not have completed first 4 years of postsecondary education before end of preceding tax year 	<ul style="list-style-type: none"> • \$80,000 – \$90,000 • \$160,000 – \$180,000 for joint returns
Lifetime Learning Credit	<ul style="list-style-type: none"> • Undergraduate & graduate courses to acquire or improve job skills 	<ul style="list-style-type: none"> • No other conditions 	<ul style="list-style-type: none"> • \$80,000 – \$90,000 • \$160,000 – \$180,000 for joint returns
Student Loan Interest Deduction	<ul style="list-style-type: none"> • Undergraduate & graduate 	<ul style="list-style-type: none"> • Must have been at least half-time student in degree program 	<ul style="list-style-type: none"> • \$80,000 – \$95,000 • \$165,000 – \$195,000 for joint returns
Coverdell ESA* OOS if taxable	<ul style="list-style-type: none"> • Undergraduate & graduate • K-12 	<ul style="list-style-type: none"> • Assets must be distributed at age 30 unless special needs beneficiary 	<ul style="list-style-type: none"> • \$95,000 – \$110,000 • \$190,000 – \$220,000 for joint returns
Qualified Tuition Program (QTP) (529 Plan)* OOS if taxable	<ul style="list-style-type: none"> • Undergraduate & graduate • K -12 for no more than \$10,000 of tuition • Apprenticeship program that is registered and certified by the Dept of Labor 	<ul style="list-style-type: none"> • Distributions for principal or interest paid on the designated beneficiary's or their sibling's qualified student loan have a lifetime limit of \$10,000 per individual. 	<ul style="list-style-type: none"> • No phaseout
Education Exception to Additional Tax on Early IRA Distributions*	<ul style="list-style-type: none"> • Undergraduate & graduate 	<ul style="list-style-type: none"> • No other conditions 	<ul style="list-style-type: none"> • No phaseout
Education Savings Bond Program* OOS	<ul style="list-style-type: none"> • Undergraduate & graduate 	<ul style="list-style-type: none"> • Applies only to qualified series EE bonds issued after 1989 or series I bonds 	<ul style="list-style-type: none"> • \$96,800 – \$111,800 • \$145,200 – \$175,200 for joint and qualifying surviving spouse with a dependent child returns
Employer-Provided Educational Assistance*	<ul style="list-style-type: none"> • Undergraduate & graduate 	<ul style="list-style-type: none"> • No other conditions 	<ul style="list-style-type: none"> • No phaseout
Business Deduction for Work-Related Education	<ul style="list-style-type: none"> • Required by law to keep present job, salary, status • Maintain or improve job skills 	<ul style="list-style-type: none"> • Can't be to meet minimum educational requirements of present trade/business • Can't qualify you for a new trade/business 	<ul style="list-style-type: none"> • No phaseout

*Any nontaxable distribution is limited to the amount that doesn't exceed qualified education expenses.
OOS = Out of Scope



Taxpayers filing MFS cannot claim deductions for the American opportunity credit, lifetime learning credit, or student loan interest deductions.

EIC With a Qualifying Child

Step	Probe/Ask the taxpayer	Action
1	Does your qualifying child have an SSN that allows him or her to work? Answer NO if the child's Social Security card says "NOT VALID FOR EMPLOYMENT" and his or her SSN was only obtained to get a federally funded benefit.	If YES , go to Step 2. If NO , STOP. You can't claim the EIC on the basis of this qualifying child, however, you may qualify to claim the childless EIC if you meet the requirements.
2	Is the child your son, daughter, stepchild, adopted child, or eligible foster child, brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant of any of them?	If YES , go to Step 3. If NO , STOP. This child isn't your qualifying child. Go to interview tips for EIC Without a Qualifying Child.
3	Was the child any of the following at the end of the tax year? <ul style="list-style-type: none"> • Under age 19 and younger than the taxpayer (or spouse, if filing jointly) • Under age 24 and a full-time student and younger than the taxpayer (or spouse, if filing jointly), or • Any age and permanently and totally disabled 	If YES , go to Step 4. If NO , STOP. This child isn't your qualifying child. Go to interview tips for EIC Without a Qualifying Child.
4	Did the child file a joint return for the year? ¹ Answer NO if the child and his or her spouse filed a joint return only to claim a refund of income tax withheld or estimated tax paid.	If NO , go to Step 5. If YES , STOP. This child isn't your qualifying child (failed the joint return test). Go to interview tips for EIC Without a Qualifying Child.
5	Did the child live with you in the United States for more than half (183 days for 2024) of the tax year? ² Active duty military personnel stationed outside the United States are considered to live in the United States for this purpose.	If YES , go to Step 6. If NO , STOP. This child isn't your qualifying child. Go to interview tips for EIC Without a Qualifying Child.
6	Is the child a qualifying child of another person? There may be a case when a qualifying child can't be claimed by anyone. Example: The only parent that the child lives with doesn't work or file a tax return and another adult can't meet the general eligibility rules. In this example, no one qualifies to claim this child as a qualifying child for EIC.	If YES , explain to the taxpayer what happens when more than one person claims the EIC using the same child (Qualifying Child of More than One Person rule). If the taxpayer chooses to claim the credit with this child, compute the EIC using the appropriate EIC worksheets. If NO , compute the EIC using the appropriate EIC worksheet.

¹If your child was married at the end of the year, he or she doesn't meet the joint return test unless you can claim the child as a dependent or you can't claim the child as a dependent because you gave that right to the child's other parent.

²Temporary absences. Count time that you or your child is away from home on a temporary absence due to a special circumstance as time the child lived with you. Examples of a special circumstance include illness, school attendance, business, vacation, military service, and detention in a juvenile facility.

EIC Without a Qualifying Child

Step	Probe/Ask the taxpayer	Action
1	Can you (or your spouse, if filing jointly) be claimed as a dependent by another person? Answer "NO" if the other person isn't required to file, and isn't filing a tax return or is filing a return only to claim a refund of withheld income tax or estimated tax paid.	If NO , go to Step 2. If YES , STOP. You can't claim the EIC.
2	Were you (or your spouse, if filing jointly) at least 25 but under age 65 on December 31 of the tax year?	If NO , STOP. You can't claim the EIC unless an exception applies. See the Note below. If YES , go to Step 3.
3	Did you (and your spouse, if filing jointly) live in the United States for more than half (at least 183 days) of the tax year?	If NO , STOP. You can't claim the EIC. If YES , compute EIC using the appropriate EIC worksheet.

 *Taxpayers born on January 1st are considered to be of age as of December 31st. Taxpayers reaching the age of 65 on January 1st are still considered 64 as of December 31st.*

Qualifying Child of More than One Person

If the child meets the conditions to be the qualifying child of more than one person, only one person can claim the child. The tiebreaker rules, which follow, explain who, if anyone, can claim the EIC when more than one person has the same qualifying child. However, the tiebreaker rules don't apply if the other person is your spouse and you file a joint return. Review all of the conditions to see which one applies.

- If only one of the persons is the child's parent, the child is treated as the qualifying child of the parent.
- If the parents don't file a joint return together but both parents claim the child as a qualifying child, the IRS will treat the child as the qualifying child of the parent with whom the child lived for the longer period of time in 2024. If the child lived with each parent for the same amount of time, the IRS will treat the child as the qualifying child of the parent who had the higher adjusted gross income (AGI) for 2024.
- If no parent can claim the child as a qualifying child, the child is treated as the qualifying child of the person who had the highest AGI for 2024.
- If a parent can claim the child as a qualifying child but no parent does so claim the child, the child is treated as the qualifying child of the person who had the highest AGI for 2024, but only if that person's AGI is higher than the highest AGI of any of the child's parents who can claim the child.

 *If the taxpayers can't claim the EIC because their qualifying child is treated under the tiebreaker rules as the qualifying child of another person for 2024, they may be able to take the EIC using a different qualifying child, or take the EIC if they qualify using the rules for people who don't have a qualifying child.*

 *Subject to these tiebreaker rules, the taxpayer and the other person may be able to choose which of them claims the child as a qualifying child. See Publication 596, Earned Income Credit (EIC), for examples. Only parents have the option to choose which parent will claim the child. All other taxpayers wanting to claim the qualifying child must follow the tiebreaker rules. See Pub 596 for examples. The IRS will apply the tiebreaker rules when the child is claimed by multiple taxpayers.*

Screening Sheet – Credit for the Elderly or the Disabled

Figure A. Are You a Qualified Individual?

Use the following chart to determine if the taxpayer is eligible for this nonrefundable credit:

Step	Probe/Ask the taxpayer:	Action
1	Were you married at the end of the tax year?	YES – Go to Step 2 NO – Go to Step 4
2	Did you live with your spouse at any time during the year?	YES – Go to Step 3 NO – Go to Step 4
3	Are you filing a joint return with your spouse? Answer YES if you qualify to be considered unmarried and file as Head of Household.	YES – Go to Step 4 NO – You aren't a qualified individual and can't take the credit for the elderly or the disabled
4	Are you a U.S. citizen or resident alien? ¹	YES – Go to Step 5 NO – You aren't a qualified individual and can't take the credit for the elderly or the disabled
5	Were you 65 or older at the end of the tax year?	YES – You are a qualified individual and may be able to take the credit for the elderly or the disabled unless your income exceeds the limits in Figure B NO – Go to Step 6
6	Are you retired on permanent and total disability?	YES – Go to Step 7 NO – You aren't a qualified individual and can't take the credit for the elderly or the disabled
7	Did you reach mandatory retirement age before this year? ²	YES – You aren't a qualified individual and can't take the credit for the elderly or the disabled NO – Go to Step 8
8	Did you receive taxable disability benefits this year?	YES – You are a qualified individual and may be able to take the credit for the elderly or the disabled unless your income exceeds the limits in Figure B NO – You aren't a qualified individual and can't take the credit for the elderly or the disabled

Footnotes

¹If you were a nonresident alien at any time during the tax year and were married to a U.S. citizen or resident alien at the end of the tax year, see the Qualified Individual section of the Instructions for Schedule R, Credit for the Elderly or the Disabled. If you and your spouse choose to treat you as a U.S. resident alien, answer "yes" to this question.

²Mandatory retirement age is the age set by your employer at which you would have been required to retire, had you not become disabled.

Screening Sheet – Credit for the Elderly or the Disabled (continued)

Figure B. Income Limits		
IF you are...	THEN you generally can't take the credit if...	
	Your adjusted gross income (AGI) is equal to or more than...	OR the total of your nontaxable Social Security and other nontaxable pension annuities or disability income is equal to or more than...
single, head of household, or qualifying surviving spouse with dependent child	\$17,500	\$5,000
married filing a joint return and both spouses qualify in Figure A	\$25,000	\$7,500
married filing a joint return and only one spouse qualifies in Figure A	\$20,000	\$5,000
married filing a separate return and you lived apart from your spouse for all of 2024	\$12,500	\$3,750

 *Be sure to include the taxpayer's total Social Security benefits, regardless of the taxability, to ensure the correct calculation of the credit. The software does not calculate this credit automatically. If the taxpayer appears to qualify for the credit, refer to the navigation path below and answer the questions.*

Education Credits

 [Deductions>Credits Menu>Education Credits Form 1098-T; or Keyword: 8863](#)

Probe/Action: To determine if a taxpayer qualifies for the education credit.

 *Taxpayers who claim the American opportunity credit even though they are not eligible can be banned from claiming the credit for up to 10 years.*

Comparison of Education Credits

Credit Conditions	American Opportunity Credit	Lifetime Learning Credit
Maximum credit	Up to \$2,500 credit per eligible student	Up to \$2,000 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 surviving spouse	\$180,000 if married filing jointly; \$90,000 if single, head of household, or qualifying surviving spouse
Refundable or nonrefundable	40% of credit may be refundable ¹ ; the rest is nonrefundable	Nonrefundable—credit limited to the amount of tax you must pay on your taxable income
Number of years of postsecondary education	Available ONLY if the student had not completed the first 4 years of post secondary education before 2024. See Completion of first 4 years in Publication 970.	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 (including any year(s) Hope credit was claimed)	Available for an unlimited number of tax years
Type of program required	Student must be pursuing a program leading to a degree or other recognized education credential	Student does not need to be pursuing a program leading to a degree or other recognized education credential
Number of courses	Student must be enrolled at least half-time ² for at least one academic period beginning during 2024 (or the first 3 months of 2025 if the qualified expenses were paid in 2024)	Available for one or more courses
Felony drug conviction	As of the end of 2024, the student had not been convicted of a felony for possessing or distributing a controlled substance	Felony drug convictions do not make the student ineligible
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	Tuition and required enrollment fees (including amounts required to be paid to the institution for course-related books, supplies, and equipment)
Payments for academic periods	Payments made in 2024 for academic periods beginning in 2024 or beginning in the first 3 months of 2025	Payments made in 2024 for academic periods beginning in 2024 or beginning in the first 3 months of 2025
TIN needed by filing due date	Filers and students must have a TIN by the due date of their 2024 return (including extensions)	
Educational institution's EIN	You must provide the educational institution's employer identification number (EIN) on your Form 8863, Education Credits.	

¹None of the credit is refundable if (1) the taxpayer claiming the credit is (a) under age 18 or (b) age 18 at the end of the year, and their earned income was less than one-half of their own support or (c) a full time student over 18 and under 24 and their earned income was less than one-half of their own support; and (2) the taxpayer has at least one living parent, and; (3) the taxpayer doesn't file a joint return.

²The standard for what is half of the normal full-time workload is determined by each eligible educational institution.

Education Credits (continued)

Who Can Claim the Credit?

- Taxpayers who paid qualified educational expenses of higher education for an eligible student unless filing MFS.
- Taxpayers who paid the education expenses for a student enrolled at or attending an eligible educational institution. A searchable database of all accredited schools is available on the U.S. Department of Education website: www.ed.gov/accreditation
- The eligible student is either the taxpayer, taxpayer's spouse or their dependent.

 *Qualified education expenses are considered paid by the taxpayer if paid by their dependent or a third party on behalf of the dependent. If a student isn't claimed as a dependent (even if eligible to be claimed), only the student can claim an education credit no matter who paid the expenses. Anyone paying the expenses (even directly to the institution) is considered to have given a gift to the student who in turn is treated as having paid the expenses.*

 *There are two 4-year tests for the American opportunity credit. First, the credit can be taken for only 4 tax years. Second, the student must not have completed four years of post secondary academic credit before the beginning of this tax year. Follow the examples in the "Who is an Eligible Student for the American Opportunity Credit" section in Publication 970 for additional information.*

Who Can Claim a Dependent's Expenses?

If the taxpayer...	Then only...
Has a dependent who is an eligible student	The taxpayer can claim the credit based on that dependent's expenses. The dependent can't claim the credit.
Doesn't claim the dependent on the tax return	The dependent can claim the credit. The taxpayer can't claim the credit based on the dependent's expenses.

Who Can't Claim the Credit?

- Married filing separately filing status
- Anyone listed as a dependent on another person's tax return
- Taxpayers whose modified AGI is more than the allowable income limits
- Taxpayer (or the spouse) was a nonresident alien for any part of the tax year unless one of the exceptions listed in Publication 519, U.S. Tax Guide for Aliens, applies

Education Credits (continued)

What Expenses Qualify?

- Expenses paid for an academic period starting in 2024 or the first 3 months of 2025
- Expenses not refunded when the student withdraws from class
- Expenses paid with the proceeds from a loan

What are Qualifying Expenses?

- For the American opportunity credit, course-related materials are books, supplies, and equipment needed for a course of study whether or not the materials are purchased from the educational institution as a condition of enrollment or attendance. The purchase of computer or peripheral equipment, computer software, or Internet access and related services qualify for the credit if the student needs the computer for attendance at the educational institution.
- For the lifetime learning credit, course-related books, materials, and supplies are not included as qualified expenses unless paid directly to the institution as a condition of enrollment.

What is Tax-Free Educational Assistance?

- Tax-free parts of scholarships and fellowships
- Pell Grants (see Publication 970)
- Employer-provided educational assistance (see Publication 970)
- Veterans' educational assistance
- Any other nontaxable payment (other than gifts or inheritances) received as educational assistance

 *Don't reduce the qualified education expenses by any scholarship or fellowship reported as income on the student's tax return if the use of the scholarship isn't restricted and used to pay education expenses that aren't qualified (such as room and board).*

 *Taxpayers must have a Form 1098-T from an eligible educational institution to claim education benefits. If a student's educational institution isn't required to provide Form 1098-T to the student, they can claim a credit without Form 1098-T if the student otherwise qualifies, can demonstrate that they (or a dependent) were enrolled at an eligible educational institution, and can substantiate the payment of qualified tuition and related expenses. Refer to Publication 970 for required steps.*

 *If the student includes the tax free educational assistance in income, has a filing requirement, and unearned income (including the taxable scholarship) over \$2,600, the student may need to file Form 8615, Tax for Certain Children Who Have Unearned Income (Kiddie Tax). Form 8615 is in scope for Native Americans receiving per capita payments and Alaska residents receiving permanent fund dividends. For all other purposes, Form 8615 remains Out of Scope.*

Determining Qualified Education Expenses

Box 1 may include nontaxable scholarship and grant amounts. Some students may choose to pay nonqualifying expenses with scholarship/Pell Grant funds, making the scholarship/Pell Grant taxable. This is true even if the scholarship/grant was paid directly to the school. This may increase the amount of qualifying expenses that can be used in calculating an education credit. Examples can be found in Coordination with Pell grants and other scholarships or fellowship grants in Publication 970.

Determine the amount paid by verifying the payment received from the student account statement with the amount shown in Box 1 of Form 1098-T. Remember to include books, supplies, course related materials and equipment if claiming the American opportunity credit. Also remember to include out of pocket payments made by the student or on the student's behalf. This includes student loans, payments, credit cards and taxable portions of scholarships/grants.

Example – Bill and Sue are eligible to claim the American opportunity credit for their daughter Sarah, who is in her first year of college. They have a Form 1098-T with \$7,000 in box 1 and a \$3,000 Pell Grant in box 5. During your interview with Bill and Sue, you determine that \$3,000 was paid by Pell Grant and \$4,000 was paid by loan proceeds. They paid \$500 for books in 2024. To calculate the eligible expenses for their credit, take the \$7,000 (\$3,000 grant + \$4,000 loan) paid in 2024, plus the \$500 for books and enter on line 1 of the worksheet below. The \$3,000 Pell Grant will be entered on line 2a. The line 3 amount is \$3,000. Subtracting line 3 from line 1, you get qualified education expenses of \$4,500. If the resulting qualified expenses are less than \$4,000, the student may choose to treat some of the grant as income to make more of the expenses eligible for the credits.

<input type="checkbox"/> CORRECTED		OMB No. 1545-1574		2024	Tuition Statement
FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number Clark University 150 Learning Drive Memphis, TN 38101		1 Payments received for qualified tuition and related expenses \$ 7,000			
FILER'S employer identification no. 98-000XXXX	STUDENT'S TIN XXX-XX-XXXX	3		Copy B For Student	
STUDENT'S name Sarah Pine		4 Adjustments made for a prior year \$ OOS	5 Scholarships or grants \$ 3,000		
Street address (including apt. no.) 123 Main Street		6 Adjustments to scholarships or grants for a prior year \$ OOS		7 Checked if the amount in box 1 includes amounts for an academic period beginning January–March 2025 <input type="checkbox"/>	
City or town, state or province, country, and ZIP or foreign postal code Memphis, TN 38101					
Service Provider/Acct. No. (see instr.)	8 Checked if at least half-time student <input checked="" type="checkbox"/>	9 Checked if a graduate student <input type="checkbox"/>	10 Ins. contract reimb./refund \$		
Form 1098-T (keep for your records)		www.irs.gov/Form1098T		Department of the Treasury - Internal Revenue Service	

Adjusted Qualified Education Expenses Worksheet (Form 8863 instructions)	
1. Total qualified education expenses paid for on behalf of the student in 2024 for the academic period	7,500
2. Less adjustments:	
a. Tax-free educational assistance received in 2024 allocable to the academic period.....	3,000
b. Tax-free educational assistance received in 2025 (and before you file your 2024 tax return) allocable to the academic period	0
c. Refunds of qualified education expenses paid in 2024 if the refund is received in 2024 or in 2025 before you file your 2024 tax return	0
3. Total adjustments (add lines 2a, 2b, and 2c)	3,000
4. Adjusted qualified education expenses. Subtract line 3 from line 1. If zero or less, enter -0-	4,500

If the student doesn't have a copy of their student account statement, ask them to go online through their college or university to get this information.

Forms 1098-T with amounts listed in boxes 4 or 6 are Out of Scope (OOS).