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Congress of the United States
House of Representatives

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February 16, 2011

Dear Students,

I would like to bring your attention to an important change in the tax code which supports students and their families in paying for college. The American Opportunity Tax Credit, which I authored in 2009, was included in the American Recovery and Reinvestment Act and was recently extended through 2012. Here are some important facts to help you and your family determine your eligibility for this tax credit. Please see www.IRS.gov for more information.

- The American Opportunity Tax Credit can be claimed for expenses for the first four years of post-secondary education.
- It is a tax credit of up to \$2,500 of the cost of qualified tuition and related expenses paid during the taxable year.
- Qualifying expenses include tuition, books, supplies and equipment needed for a course of study
- Taxpayers will receive a tax credit based on 100 percent of the first \$2,000 of tuition, fees and course materials paid during the taxable year, plus 25 percent of the next \$2,000 of tuition, fees and course materials paid during the taxable year.
- If you are eligible for more credit than your tax liability, up to a maximum refund of 40 percent of the amount of the credit for which you're eligible is refundable to you.
- Taxpayers with a modified adjusted gross income of \$80,000 or less (\$160,000 or less for joint filers) are potentially eligible for the full credit and the credit is reduced ratably up for modified adjusted gross incomes up to \$90,000.
- To claim the credit you, or the person who claims you as a dependent, must use Form 8863 available on IRS.gov.
- You cannot claim the tuition and fees tax deduction in the same year that you claim the American Opportunity Tax Credit or the Lifetime Learning Credit.

Best of luck as you continue in your studies!

Very truly yours,

A handwritten signature in blue ink, appearing to read "Chaka Fattah".

Chaka Fattah
Member of Congress