

Highlights of Education Tax Benefits for Tax Year 2021

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.
Note: 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.

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

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What expenses qualify besides tuition and required enrollment fees?	Scholarships, Fellowships, Grants, and Tuition Reductions	American Opportunity Credit	Lifetime Learning Credit	Coverdell ESA† OOS if taxable	Qualified Tuition Program (QTP) (\$29 Plan)† OOS if taxable	Education Exception to Additional Tax on Early IRA Distributions†	Education Savings Bond Program OOS	Employer-Provided Educational Assistance†	Business Deduction for Work-Related Education
	Course-related expenses such as fees, books, supplies, and equipment Note: The maximum amount of qualified education expenses is \$4,000.	Amounts paid for required books, etc., that must be paid to the educational institution, etc., are required fees. Note: The maximum amount of qualified education expenses is \$10,000	Course-related books, supplies, and equipment. Note: The maximum amount of qualified education expenses is \$4,000.	Course-related books, supplies, and equipment. Note: The maximum amount of qualified education expenses is \$4,000.	Higher Education: Books Supplies Equipment Room & board if at least half-time student 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	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	Payments to Coverdell ESA Payments to QTP	Books Supplies Equipment	Transportation Travel Other necessary expenses

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What education qualifies?	Scholarships, Fellowships, Grants, and Tuition Reductions	American Opportunity Credit	Lifetime Learning Credit	Student Loan Interest Deduction	Coverdell ESA† OOS if taxable	Qualified Tuition Program (QTP) (529 Plan)† OOS if taxable	Education Exception to Additional Tax on Early IRA Distributions†	Education Savings Bond Program† OOS	Employer-Provided Educational Assistance†	Business Deduction for Work-Related Education
	Undergraduate & graduate K-12	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.	Undergraduate & graduate courses to acquire or improve job skills	Undergraduate & graduate	Undergraduate & graduate K-12	Undergraduate & graduate K-12 for no more than \$10,000 of tuition Apprenticeship program that is registered and certified by the Dept of Labor	Undergraduate & graduate	Undergraduate & graduate	Undergraduate & graduate	Required by law to keep present job, salary, status Maintain or improve job skills
What are some of the other conditions that apply?	Must be in degree or vocational program Payment of tuition and required fees must be allowed under the grant	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	No other conditions	Must have been at least half-time student in degree program	Assets must be distributed at age 30 unless special needs beneficiary	No other conditions	No other conditions	Applies only to qualified series EE bonds issued after 1989 or series I bonds	No other conditions	Can't be to meet minimum educational requirements of present trade/business Can't qualify you for a new trade/business
In what income range do benefits phase out?	No phaseout	\$80,000 - \$90,000 \$160,000 - \$180,000 for joint returns	\$80,000 - \$90,000 \$160,000 - \$180,000 for joint returns	\$70,000 - \$85,000 \$140,000 - \$170,000 for joint returns	\$95,000 - \$110,000 \$190,000 - \$220,000 for joint returns	No phaseout	No phaseout	\$83,200 - \$98,200 \$124,800 - \$154,800 for joint and qualifying widow(er) with a dependent child returns	No phaseout	No phaseout

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