

Oh the thought of the day that my children will be in college, no more snow days, no more worrying about eating breakfast or paying money into the lunch room.

Well, for the lucky that need to worry about how the college bills are going to get paid, and what to do about it at tax time, I would like to shed some light on the situation.

Tax Credits are dollar for dollar off of the tax bill. These ROCK! There is the Lifetime and now the American Opportunity Credit.

Let's look at each credit. The Lifetime Learning Credit is good for an unlimited amount of time in school, as long as it is college and for either a degree, learning for fun or job skills. This is a tuition only credit. Simply put, no books, no computer, just tuition can be claimed. This is off of the tax bill, not refundable, up to \$2,000.00

The American Opportunity Credit is great. It is up to \$2,500.00 per student. The student must be going for a degree and enrolled at least half time, and not have a felony drug conviction. This is the last year for this credit. If you don't use it all above the line to write your tax bill down, you get the rest of it handed to you in your refund! How cool is that?

There is also the deduction. This is on the front of the return. There are some situations where taking a deduction on the front is better than the credit- usually if your income is too high.

Remember, there are always the rules and the exceptions.

If you have any questions or would like some answers, give me a shout at kristhetaxlady@gmail.com.

Next week: SSDI, Social Security and other things to worry..