



Instructions for Form 8863

Education Credits (American Opportunity and Lifetime Learning Credits)

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

What's New

New format for Form 8863. Form 8863 has a new format for the 2012 year. Begin on page 2, and complete a separate Part III on page 2 for each individual for whom you are claiming either credit (American opportunity credit or lifetime learning credit) before you complete Parts I and II.

Purpose of Form

Use Form 8863 to figure and claim your education credits, which are based on qualified education expenses paid to an eligible postsecondary educational institution. For 2012, there are two education credits.

- The American opportunity credit, part of which may be refundable.
- The lifetime learning credit, which is nonrefundable.

A **refundable** credit can give you a refund for any part of the credit that is more than your total tax. A **nonrefundable** credit can reduce your tax, but any excess is not refunded to you.

Both of these credits have different rules that can affect your eligibility to claim a specific credit. These differences are shown in Table 1 below.

Who Can Claim an Education Credit

You may be able to claim an education credit if you, your spouse, or a dependent you claim on your tax return was a student enrolled at or attending an eligible educational institution. The credits are based on the amount of adjusted qualified education expenses paid for the student in 2012 for academic periods beginning in 2012 or beginning in the first 3 months of 2013.

Academic period. An academic period is any quarter, semester, trimester, or any other period of study as reasonably determined by an eligible educational institution. If an eligible educational institution uses credit hours or clock hours and does not have academic terms, each payment may be treated as an academic period. For details, see *Academic period* in chapters 2 and 3 of Pub. 970.



Qualified education expenses for any academic period must be reduced by any tax-free educational assistance allocable to that academic period. See Adjusted Qualified Education Expenses, later.

Who can claim a dependent's expenses. If a student is claimed as a dependent on another person's tax return, all

Table 1. Comparison of Education Credits

Caution. You can claim both the American opportunity credit and the lifetime learning credit on the same return—but not for the same student.

	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 widow(er)	\$124,000 if married filing jointly; \$62,000 if single, head of household, or qualifying widow(er)
Refundable or nonrefundable	40% of credit may be refundable; 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 postsecondary education before 2012	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 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 for at least one academic period beginning during the year	Available for one or more courses
Felony drug conviction	As of the end of 2012, 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 2012 for academic periods beginning in 2012 or beginning in the first 3 months of 2013	

qualified education expenses of the student are treated as having been paid by that person. Therefore, only that person can claim an education credit for the student. If a student is not claimed as a dependent on another person's tax return, only the student can claim a credit.

Expenses paid by a third party. Qualified education expenses paid on behalf of the student by someone other than the student (such as a relative) are treated as paid by the student. However, qualified education expenses paid (or treated as paid) by a student who is claimed as a dependent on your tax return are treated as paid by you. Therefore, you are treated as having paid expenses that were paid by the third party. For more information and an example, see *Who Can Claim a Dependent's Expenses* in Pub. 970, chapter 2 or 3.

Who cannot claim a credit. You cannot take an education credit if any of the following apply.

1. You are claimed as a dependent on another person's tax return, such as your parent's return.
2. Your filing status is married filing separately.
3. You (or your spouse) were a nonresident alien for any part of 2012 and did not elect to be treated as a resident alien for tax purposes.
4. Your modified adjusted gross income (MAGI) is:
 - a. For the American opportunity credit: \$180,000 or more if married filing jointly, or \$90,000 or more if single, head of household, or qualifying widow(er) with dependent child.
 - b. For the lifetime learning credit: \$124,000 or more if married filing jointly, or \$62,000 or more if single, head of household, or qualifying widow(er) with dependent child.

Generally, your MAGI is the amount on your Form 1040, line 38, or Form 1040A, line 22. However, if you are filing Form 2555, Form 2555-EZ, or Form 4563, or are excluding income from Puerto Rico, add to the amount on your Form 1040, line 38, or Form 1040A, line 22, the amount of income you excluded. For details, see Pub. 970.

American Opportunity Credit

You may be able to take a credit of up to \$2,500 for adjusted qualified education expenses (defined later) paid for each student who qualifies for the American opportunity credit. This credit equals 100% of the first \$2,000 and 25% of the next \$2,000 of adjusted qualified expenses paid for each eligible student. The amount of your credit for 2012 is gradually reduced (phased out) if your MAGI is between \$80,000 and \$90,000 (\$160,000 and \$180,000 if you file a joint return). You cannot claim a credit if your MAGI is \$90,000 or more (\$180,000 or more if you file a joint return).

TIP *If you can claim the American opportunity credit for any student, you can choose between using that student's adjusted qualified education expenses for the American opportunity credit or for the lifetime learning credit. If you have this choice, the American opportunity credit will always be greater than the lifetime learning credit.*

Student qualifications. Generally, you can take the American opportunity credit for a student only if **all** of the following four requirements are met.

1. As of the beginning of 2012, the student had not completed the first four years of postsecondary education (generally, the freshman through senior years of college), as determined by the eligible educational institution. For this purpose, do not include academic credit awarded solely

because of the student's performance on proficiency examinations.

2. Neither the American opportunity credit nor the Hope Scholarship credit has been claimed (by you or anyone else) for this student for any four prior tax years.

Example. Sally was eligible for the Hope scholarship credit in 2006 and 2007 and for the American opportunity credit in 2009 and 2011. Her parents claimed the Hope scholarship credit for Sally on their tax return for 2006 and 2007 and claimed the American opportunity credit for Sally on their 2009 tax return. Sally claimed the American opportunity credit on her 2011 tax return. Regardless whether Sally is otherwise eligible for the American opportunity credit in 2012, the American opportunity credit **cannot** be claimed for Sally in 2012.

3. For at least one academic period beginning (or treated as beginning) in 2012, the student both:

- a. Was enrolled in a program that leads to a degree, certificate, or other recognized educational credential; and
- b. Carried at least one-half the normal full-time workload for his or her course of study.

The standard for what is half of the normal full-time work load is determined by each eligible educational institution. However, the standard may not be lower than any of those established by the U.S. Department of Education under the Higher Education Act of 1965.

For purposes of whether the student satisfies this third requirement for 2012, treat an academic period beginning in the first three months of 2013 as if it began in 2012 if qualified education expenses for the student were paid in 2012 for that academic period. See *Prepaid Expenses*, later.

Example. Glenda enrolls on a full-time basis in a degree program for the 2013 Spring semester, which begins in January 2013. Glenda pays her tuition for the 2013 Spring semester in December 2012. Because the tuition Glenda paid in 2012 relates to an academic period that begins in the first 3 months of 2013, her eligibility to claim an American opportunity credit in 2012 is determined as if the 2013 Spring semester began in 2012. Therefore, Glenda satisfies this third requirement.

4. As of the end of 2012, the student had not been convicted of a federal or state felony for possessing or distributing a controlled substance.



If the requirements, above, are not met for any student, you cannot take the American opportunity credit for that student. You may be able to take the lifetime learning credit for part or all of that student's qualified education expenses instead.

Lifetime Learning Credit

The lifetime learning credit equals 20% of adjusted qualified education expenses (defined later), up to a maximum of \$10,000 of adjusted qualified education expenses per return. Therefore, the maximum lifetime learning credit you can claim on your return for the year is \$2,000, regardless of the number of students for whom you paid qualified education expenses. The amount of your credit for 2012 is gradually reduced (phased out) if your MAGI is between \$52,000 and \$62,000 (\$104,000 and \$124,000 if you file a joint return). You cannot claim a credit if your MAGI is \$62,000 or more (\$124,000 or more if you file a joint return).

You cannot claim the lifetime learning credit for any student if you claim the American opportunity credit for that student for the same tax year.

Qualified Education Expenses

Generally, qualified education expenses are amounts paid in 2012 for tuition and fees required for the student's enrollment or attendance at an eligible educational institution. It does not matter whether the expenses were paid in cash, by check, by credit or debit card, or with borrowed funds.

For course-related books, supplies, and equipment only certain expenses qualify.

- American opportunity credit: Qualified education expenses include amounts spent on 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.
- Lifetime learning credit: Qualified education expenses include amounts for books, supplies, and equipment **only if** required to be paid to the institution as a condition of enrollment or attendance.

Qualified education expenses include nonacademic fees, such as student activity fees, athletic fees, or other expenses unrelated to the academic course of instruction, **only if** the fee must be paid to the institution as a condition of enrollment or attendance. However, fees for personal expenses (described below) are never qualified education expenses.

Qualified education expenses **do not** include amounts paid for:

- Personal expenses. This means room and board, insurance, medical expenses (including student health fees), transportation, and other similar personal, living, or family expenses.
- Any course or other education involving sports, games, or hobbies, or any noncredit course, unless such course or other education is part of the student's degree program or (for the lifetime learning credit only) helps the student acquire or improve job skills.

You should receive Form 1098-T, Tuition Statement, from the institution reporting either payments received in 2012 (box 1) or amounts billed in 2012 (box 2). However, the amount in box 1 or 2 of Form 1098-T may be different from the amount you paid (or are treated as having paid). In completing Form 8863, use only the amounts you actually paid (plus any amounts you are treated as having paid) in 2012 (reduced, as necessary, as described in *Adjusted Qualified Education Expenses*, later). See chapters 2 and 3 of Pub. 970 for more information on Form 1098-T.

Qualified education expenses paid on behalf of the student by someone other than the student (such as a relative) are treated as paid by the student. Qualified education expenses paid (or treated as paid) by a student who is claimed as a dependent on your tax return are treated as paid by you.

If you or the student takes a deduction for higher education expenses, such as on Schedule A or Schedule C (Form 1040), you cannot use those same expenses in your qualified education expenses when figuring your education credits.



CAUTION Any qualified expenses used to figure the education credits cannot be taken into account in determining the amount of a distribution from a Coverdell ESA or a qualified tuition program (section 529 plan) that is excluded from gross income. See Pub. 970, chapters 6 and 7, for more information.

Prepaid Expenses

Qualified education expenses paid in 2012 for an academic period that begins in the first 3 months of 2013 can be used in figuring an education credit for 2012 only. See *Academic period*, earlier. For example, if you pay \$2,000 in December 2012 for qualified tuition for the 2013 winter quarter that begins in January

2013, you can use that \$2,000 in figuring an education credit for 2012 only (if you meet all the other requirements).



CAUTION You cannot use any amount you paid in 2011 or 2013 to figure the qualified education expenses you use to figure your 2012 education credit(s).

Adjusted Qualified Education Expenses

For each student, reduce the qualified education expenses paid in 2012 by or on behalf of that student under the following rules. The result is the amount of adjusted qualified education expenses for each student.

Tax-free educational assistance. For tax-free educational assistance received in 2012, reduce the qualified educational expenses for each academic period by the amount of tax-free educational assistance allocable to that academic period. See *Academic period*, earlier.

Tax-free educational assistance includes:

1. The tax-free part of any scholarship or fellowship (including Pell grants),
2. The tax-free part of any employer-provided educational assistance,
3. Veterans' educational assistance, and
4. Any other educational assistance that is excludable from gross income (tax free), other than as a gift, bequest, devise, or inheritance.

Generally, any scholarship or fellowship is treated as tax-free educational assistance. However, a scholarship or fellowship is not treated as tax-free educational assistance to the extent the **student** includes it in gross income (if the **student** is required to file a tax return) for the year the scholarship or fellowship is received and either:

- The scholarship or fellowship (or any part of it) **must** be applied (by its terms) to expenses (such as room and board) other than qualified education expenses as defined in *Qualified education expenses* in Pub. 970, chapter 1; or
- The scholarship or fellowship (or any part of it) **may** be applied (by its terms) to expenses (such as room and board) other than qualified education expenses as defined in *Qualified education expenses* in Pub. 970, chapter 1.



TIP You may be able to increase the combined value of an education credit and certain educational assistance if the student includes some or all of the educational assistance in income in the year it is received. For details, see *Adjustments to Qualified Education Expenses*, in chapters 2 and 3 of Pub. 970.

Some tax-free educational assistance received after 2012 may be treated as a refund of qualified education expenses paid in 2012. This tax-free educational assistance is any tax-free educational assistance received by you or anyone else after 2012 for qualified education expenses paid on behalf of a student in 2012 (or attributable to enrollment at an eligible educational institution during 2012).

If this tax-free educational assistance is received after 2012 but before you file your 2012 income tax return, see *Refunds received after 2012 but before your income tax return is filed*, later. If this tax-free educational assistance is received after 2012 and after you file your 2012 income tax return, see *Refunds received after 2012 and after your income tax return is filed*, later.

Refunds. A refund of qualified education expenses may reduce qualified education expenses for the tax year or may require you to repay (recapture) the credit that you claimed in an earlier year. Some tax-free educational assistance received after 2012 may

be treated as a refund. See *Tax-free educational assistance*, earlier.


Refunds received in 2012. For each student, figure the adjusted qualified education expenses for 2012 by adding all the qualified education expenses paid in 2012 and subtracting any refunds of those expenses received from the eligible educational institution during 2012.

Refunds received after 2012 but before your income tax return is filed. If anyone receives a refund after 2012 of qualified education expenses paid on behalf of a student in 2012 and the refund is received before you file your 2012 income tax return, reduce the amount of qualified education expenses for 2012 by the amount of the refund.

Refunds received after 2012 and after your income tax return is filed. If anyone receives a refund after 2012 of qualified education expenses paid on behalf of a student in 2012 and the refund is received after you file your 2012 income tax return, you may need to repay some or all of the credit that you claimed. See *Credit recapture*, next.

Credit recapture. If any tax-free educational assistance for the qualified education expenses paid in 2012, or any refund of your qualified education expenses paid in 2012, is received after you file your 2012 income tax return, you must recapture (repay) any excess credit. You do this by refiguring the amount of your adjusted qualified education expenses for 2012 by reducing the expenses by the amount of the refund or tax-free educational assistance. You then refigure your education credit(s) for 2012 and figure the amount by which your 2012 tax liability would have increased if you had claimed the refigured credit(s). Include that amount as an additional tax for the year the refund or tax-free assistance was received.

Example. You paid \$8,000 tuition and fees in December 2012 for your child's Spring semester beginning in January 2013. You filed your 2012 tax return on February 2, 2013, and claimed a lifetime learning credit of \$1,600 (\$8,000 qualified education expense paid x .20). You claimed no other tax credits. After you filed your return, your child withdrew from two courses and you received a refund of \$1,400. You must refigure your 2012 lifetime learning credit using \$6,600 (\$8,000 qualified education expenses – \$1,400 refund). The refigured credit is \$1,320 and your tax liability increased by \$280. You must include the difference of \$280 (\$1,600 credit originally claimed – \$1,320 refigured credit) as additional tax on your 2013 income tax return. See the instructions for your 2013 income tax return to determine where to include this tax.

 **TIP** *If you also pay qualified education expenses in 2013 for an academic period that begins in the first 3 months of 2013 and you receive tax-free educational assistance, or a refund, as described above, you may choose to reduce your qualified education expenses for 2013 instead of reducing your expenses for 2012.*

Eligible Educational Institution

An eligible educational institution is generally any accredited public, nonprofit, or proprietary (private) college, university, vocational school, or other postsecondary institution. Also, the institution must be eligible to participate in a student aid program administered by the Department of Education. Virtually all accredited postsecondary institutions meet this definition.

Additional Information

See Pub. 970, chapters 2 and 3, for more information about these credits.

Specific Instructions



You must complete a separate Part III on page 2 for each individual for whom you are claiming either credit before you complete Parts I and II.

Part I — Refundable American Opportunity Credit

Line 1

Enter the amount from Part III, line 30. If you are claiming the American opportunity credit for more than one student, add the amounts from each student's Part III, line 30, and enter the total for those students on line 1.

Line 3

Enter your modified adjusted gross income. Generally, your modified adjusted gross income is the amount on your Form 1040, line 38, or Form 1040A, line 22. However, if you are filing Form 2555, Form 2555–EZ, or Form 4563, or are excluding income from Puerto Rico, you must include on line 3 the amount of income you excluded. For details, see Pub. 970.

Line 7

If you were under age 24 at the end of 2012 and the conditions listed below apply to you, you **cannot** claim any part of the American opportunity credit as a refundable credit on your tax return. Instead, you can claim your allowed credit, figured in Part II, only as a nonrefundable credit to reduce your tax.

You do **not** qualify for a refundable American opportunity credit if 1 (a, b, or c), 2, and 3 below apply to you.

1. You were:
 - a. Under age 18 at the end of 2012, **or**
 - b. Age 18 at the end of 2012 **and** your earned income (defined later) was less than one-half of your support (defined later), **or**
 - c. Over age 18 and under age 24 at the end of 2012 **and** a full-time student (defined later) **and** your earned income (defined later) was less than one-half of your support (defined later).
2. At least one of your parents was alive at the end of 2012.
3. You are not filing a joint return for 2012.

If you meet these conditions, check the box next to line 7, skip line 8, and enter the amount from line 7 on line 9. If these conditions do not apply to you, complete line 8.

You can answer the following questions to determine whether you qualify for a refundable American opportunity credit.

1. Were you under 24 at the end of 2012?
If no, stop here; you **do** qualify to claim part of the allowable American opportunity credit as a refundable credit.
If yes, go to question 2.
2. Were you over 18 at the end of 2012?
If yes, go to question 3.
If no, go to question 4.
3. Were you a full-time student (defined later) for 2012?
If no, stop here; you **do** qualify to claim part of your allowable American opportunity credit as a refundable credit.
If yes, go to question 5.
4. Were you 18 at the end of 2012?

If yes, go to question 5.
If no, go to question 6.

5. Was your earned income (defined later) less than one-half of your support (defined later) for 2012?
If no, stop here; you **do** qualify to claim part of your allowable American opportunity credit as a refundable credit.
If yes, go to question 6.
6. Were either of your parents alive at the end of 2012?
If no, stop here; you **do** qualify to claim part of your allowable American opportunity credit as a refundable credit.
If yes, go to question 7.
7. Are you filing a joint return for 2012?
If no, you **do not** qualify to claim part of your allowable American opportunity credit as a refundable credit.
If yes, you **do** qualify to claim part of your allowable American opportunity credit as a refundable credit.

Earned income. Earned income includes wages, salaries, professional fees, and other payments received for personal services actually performed. Earned income includes the part of any scholarship or fellowship that represents payment for teaching, research, or other services performed by the student that are required as a condition for receiving the scholarship or fellowship. Earned income does not include that part of the compensation for personal services rendered to a corporation which represents a distribution of earnings or profits rather than a reasonable allowance as compensation for the personal services actually rendered.

If you are a sole proprietor or a partner in a trade or business in which both personal services and capital are material income-producing factors, earned income also includes a reasonable allowance for compensation for personal services, but not more than 30% of your share of the net profits from that trade or business (after subtracting the deduction for one-half of self-employment tax). However, if capital is not an income-producing factor and your personal services produced the business income, the 30% limit does not apply.

Support. Your support includes food, shelter, clothing, medical and dental care, education and the like. Generally, the amount of an item of support will be the amount of expenses incurred by the one furnishing such item. If the item of support is in the form of property or lodging, measure the amount of such item of support by its fair market value. To figure your support, count support provided by you, your parents, and others. However, a scholarship received by you is not considered support if you were a full-time student (defined below) for 2012.

Full-time student. Solely for purposes of determining whether a scholarship is considered support, you were a full-time student for 2012 if during any part of any 5 calendar months during the year you were enrolled as a full-time student at an eligible educational institution (defined earlier), or took a full-time, on-farm training course given by such an institution or by a state, county, or local government agency.

Part II — Nonrefundable Education Credits

Line 9

Enter the amount from line 9 on line 8 of the Credit Limit Worksheet, later.

Line 10

Enter the amount from Part III, line 31. If you are claiming the lifetime learning credit for more than one student, add the

amounts from each student's Part III, line 31, and enter the total for all those students on line 1.

Line 14

Generally, your modified adjusted gross income is the amount on your Form 1040, line 38, or Form 1040A, line 22. However, if you are filing Form 2555, Form 2555-EZ, or Form 4563, or are excluding income from Puerto Rico, you must include on line 3 the amount of income you excluded. For details, see Pub. 970.

Line 18

Enter the amount from line 18 on line 1 of the Credit Limit Worksheet, later.

Line 19

Enter the amount from line 13 of the Credit Limit Worksheet here and on Form 1040, line 49, or Form 1040A, line 31.

Credit Limit Worksheet

Complete the credit limit worksheet to figure your nonrefundable education credit.

- | | | |
|---|-----|-------|
| 1. Enter the amount from Form 8863, line 18 . . . | 1. | _____ |
| 2. Lines 2–7 are reserved for future use | | |
| 8. Enter the amount from Form 8863, line 9 . . . | 8. | _____ |
| 9. Add lines 1 and 8 | 9. | _____ |
| 10. Enter the amount from:
Form 1040, line 46; or
Form 1040A, line 28 | 10. | _____ |
| 11. Enter the amount from either:
Form 1040, lines 47 and 48,
and the amount from Schedule R
included on Form 1040, line 53; or
Form 1040A, lines 29 and 30 | 11. | _____ |
| 12. Subtract line 11 from line 10 | 12. | _____ |
| 13. Enter the smaller of line 9 or line 12 here and
on Form 8863, line 19 | 13. | _____ |



You must complete Part III for each student for whom you are claiming either the American opportunity credit or lifetime learning credit before you complete either Part I or Part II. Use additional copies of Page 2 as needed for each student.

Part III — Student and Educational Institution Information

Line 20

Enter the student's name as shown on page 1 of your tax return.

Line 21

Enter the student's taxpayer identification number as shown on page 1 of your tax return.

Line 22

If the student attended only one educational institution, enter the information about the institution and answer the questions about Form 1098-T in column (a). If the student attended a second educational institution, enter the information and answers for the second educational institution in column (b). If the student attended more than 2 educational institutions, attach an additional page 2 completed only through line 22.

Line 23

If the American opportunity credit has been claimed for this student for 4 prior tax years (including any year for which the Hope scholarship credit was claimed for the student), the American opportunity credit cannot be claimed for this student for 2012. Check "Yes" and go to line 31.

If the American opportunity and Hope scholarship credits have been claimed for this student for 3 or fewer prior tax years, check "No." See *Student qualifications*, earlier.

Line 24

Check "Yes" if the student enrolled at least half-time for at least one academic period that began (or is treated as having begun) in 2012 at an eligible educational institution in a program leading towards a postsecondary degree, certificate, or other recognized postsecondary educational credential. Otherwise, check "No."

If any qualified education expenses for the student were paid in 2012 for an academic period beginning in the first 3 months of 2013, treat that academic period as if it began in 2012. See *Student qualifications* and *Prepaid Expenses*, earlier.

If you checked "Yes" go to line 25. If you checked "No" the student is not eligible for the American opportunity credit, skip lines 25 through 30 and go to line 31.

Line 25

Check "Yes" if the student completed the first 4 years of postsecondary education before 2012. Otherwise, check "No."

If you checked "No," go to line 26. If you checked "Yes," the student is not eligible for the American opportunity credit; skip lines 26 through 30 and go to line 31.

Line 26

Check "Yes" if the student was convicted, before the end of 2012, of a federal or state felony for possession or distribution of a controlled substance.

If you checked "No," complete **either** lines 27 through 30 **or** line 31 for this student. If you checked "Yes," the student is not eligible for the American opportunity credit; skip lines 26 through 30 and go to line 31.

TIP You **cannot** take the American opportunity credit and the lifetime learning credit for the **same student** in the same year. If you complete lines 27 through 30 for this student, do not complete line 31.

American Opportunity Credit

Line 27

Enter the student's adjusted qualified education expenses for line 27. See *Qualified Education Expenses*, earlier. Use the Adjusted Qualified Education Expenses Worksheet, later, to figure each student's adjusted qualified education expenses. Do

not enter more than \$4,000. Enter the total of all amounts from all Parts III, line 30, on Part I, line 1.

Lifetime Learning Credit

Line 31

Enter the student's adjusted qualified education expenses for line 31. See *Qualified Education Expenses*, earlier. Use the Adjusted Qualified Education Expenses Worksheet, next, to figure each student's adjusted qualified education expenses. Enter the total of all amounts from Part III, line 31, on Part II, line 10.

Adjusted Qualified Education Expenses Worksheet

See *Qualified Education Expenses*, earlier, before completing.

Complete a separate worksheet for each student for each academic period beginning (or treated as beginning) in 2012 for which you paid (or are treated as having paid) qualified education expenses in 2012.

1. Total qualified education expenses paid for or on behalf of the student in 2012 for the academic period	_____
2. Less adjustments:	
a. Tax-free educational assistance received in 2012 allocable to the academic period	_____
b. Tax-free educational assistance received in 2013 (and before you file your 2012 tax return) allocable to the academic period	_____
c. Refunds of qualified education expenses paid in 2012 if the refund is received in 2012 or in 2013 before you file your 2012 tax return	_____
3. Total adjustments (add lines 2a, 2b, and 2c)	_____
4. Adjusted qualified education expenses. Subtract line 3 from line 1. If zero or less, enter -0-	_____

CAUTION If you are claiming an education credit for more than one student, complete a separate Part III for each student before returning to page 1 to complete Parts I and II.