

EDUCATION CREDIT DUE DILIGENCE FOR 2016

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Effective in 2017, the PATH Act (Protecting Americans from Tax Hikes) extends due diligence requirements to tax preparers in relation to the American Opportunity Tax Credit for education.

Those taxpayers who are claiming the American Opportunity Tax Credit for themselves or a dependent will be required to provide their tax preparer with the following information:

1. Form 1098-T from an eligible educational institution.
2. A statement from the college or university noting payments made in 2016.
3. The number of years of postsecondary education. The credit is only available if the student has not completed the first 4 years before 2016.
4. The number of prior years the tax credit has been taken. The tax credit is only available for 4 years per eligible student.
5. The type of program the student is enrolled in. The student must be pursuing a program leading to a degree or other recognized educational credential.
6. The number of courses the student is enrolled in. The student must be enrolled at least half time for at least one academic period beginning during 2016 (or first 3 months of 2017 if the qualified expenses were paid in 2016.)
7. Any felony drug convictions. As of the end of 2016, the student shall not have been convicted of a felony for possessing or distributing a controlled substance.

The American Opportunity Credit is a maximum of \$2,500 per eligible student and limited to modified adjusted gross income of \$180,000 for married filing jointly and \$90,000 for single and head of household.



If you have any questions about this or any other tax issue, please contact your Account Manager or [Andrea Schaefer, CPA](mailto:aschaefer@connerash.com), at (314) 205-2510 or via email at aschaefer@connerash.com.