

TAX NEWS LETTER

SHARPTON, BRUNSON & COMPANY, P.A.

Ranked Among Top 20 Accounting Firms in South Florida



R. Wesley Agee, CPA
Senior Tax Advisor

Whether you're continuing your college education or have a dependent that is a student in college, there are various tax benefits available to you as a taxpayer. Namely, Hope Credit, Lifetime Learning Credit and Tuition and Fees Deduction.

Hope Credit

The Hope Credit is based on qualified education expenses you paid for yourself, your spouse, or a dependent for whom you can claim as an exemption on your tax return. For the year 2008, there is an income limitation which can not exceed \$120,000, up from \$114,000 for the year 2007. For year 2008, you may be able to claim a Hope Credit of \$1,800 which is allowed for each eligible student. To be eligible, the student must be pursuing an undergraduate degree or other

Tax Benefits For Education

recognized education credentials; must be enrolled for at least half time for one semester; and can not have any felony drug conviction. The Hope Credit is available only for two years.

Lifetime Learning Credit

The eligibility, qualifications and income limitations for Lifetime Learning Credit (LLC) are the same as for the Hope Credit with the exception you can claim up to \$2,000 per tax return for the LLC as distinguished from \$1,800 per student for the Hope Credit. The LLC offers more flexibility toward getting an education. It is available for courses to acquire or improve job skills. The LLC is available for an unlimited number of years. A student does not have to be pursuing a college degree and it is available for one or more courses. The felony drug conviction rule does not apply.

Tuition and Fees Deduction

The eligibility and qualifications are the same as for both Hope Credit and LLC. The income limitation is up to \$160,000. The tuition and fees deduction can reduce the amount of your income subject to tax by up to \$4,000. The deduction does not include personal living, or family expenses, such as room and board. You may be able

to take the Hope Credit or LLC for your education expenses instead of a tuition and fees deduction. You can choose the one that will give you the lower tax.

At Sharpton, Brunson & Company, we strive to keep you current on the new changes in tax laws and tax benefits available to individuals as well as businesses.

Our goal is to help clients obtain maximum tax savings in accordance with what is allowable under tax rules. Please feel free to call R. Wesley Agee, CPA, Senior Tax Advisor, for any questions or assistance. He can be reached at 954.467.5490.

110 East Broward Blvd.
Suite 1950
Ft. Lauderdale, Florida 33301

One Southeast Third Ave.
Suite 2100
Miami, Florida 33131

E-mail: WAgee@sbccpa.com



www.sbccpa.com