



James Marta & Company
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

Feature	American Opportunity Tax (Hope) Credit	Lifetime Learning Credit	Higher Education Tax Deduction
Type of benefit	Refundable tax credit (up to 40% refundable)	Nonrefundable tax credit (cannot exceed tax liability)	Above the line tax deduction (filers do not need to itemize)
Maximum benefit	\$2,500 (100% of first \$2,000 in qualified expenses, 25% of second \$2,000) per student. Inflation adjusted	\$2,000 (20% of first \$10,000 in qualified expenses) per return	\$4,000 deduction for 2009 per return (but only \$2,000 maximum deduction available for higher income taxpayers) Note: Value of the maximum deduction depends upon taxpayer's marginal tax rate
Income limit	For 2009 and 2010, credit begins to phase out at \$80,000 modified AGI and is fully phased out at \$90,000 (\$160,000 and \$180,000 thresholds for joint returns)	For 2009 and 2010, credit begins to phase out at \$50,000 modified AGI and is fully phased out at \$60,000 (\$100,000 and \$120,000 thresholds for joint returns). Phaseout is inflation adjusted.	Deduction available to taxpayers with up to \$65,000 in modified AGI (\$130,000 for joint returns); taxpayers with modified AGI or more than \$65,000 but less than \$80,000 can claim smaller maximum deduction (\$130,000 and \$160,000 thresholds for joint returns)
Postsecondary education expenses qualifying for benefit	Tuition, fees, and course material required for enrollment	Tuition and fees required for enrollment	Tuition and fees required for enrollment
Type of postsecondary education	First four years of undergraduate education when enrolled on at least a half-time basis in a program leading to a degree, credential, or certificate	For any year of undergraduate or graduate enrollment with no limit on the intensity of the enrollment or the type of program	For any year of undergraduate or graduate enrollment with no limit on the intensity of enrollment or the type of program