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As the final weeks of summer tick away, back-to-school sales are ramping up and it's time to think about getting those kids back in the classroom. It's also a good time to think about a variety of tax breaks and deductions available for qualifying expenses.

To help, [TaxAudit.com](https://www.taxaudit.com), which specializes in IRS audit defense, has crafted a list of back-to-school tax tips for 2016.

"Most Americans don't think about taxes when it comes to school, and understanding which school costs are deductible or not deductible can be challenging," said Dave Du Val, TaxAudit.com's Chief Customer Advocacy Officer. "For example, private school tuition is not deductible, but the child care component of private school tuition may be deductible for children under the age of 13. Also, for parents of college students, 529 plans are not federally taxable. Any money withdrawn from the account, as long as it is used for qualifying college expenses like a laptop or books, is not taxable."

The tax tips include:

- **Private school tuition and school uniforms**

The cost of private school or parochial school tuition is not deductible. However, the child care component costs of private school tuition for children under 13 may qualify the taxpayer for a tax credit. School uniforms are also not deductible even if they are required.

- **Before and after school care can be deducted**

For a child under the age of 13, the cost of before or after school care may qualify the taxpayer for a tax credit if it is a qualifying expense.

- **Tax deductions for school fundraisers are limited**

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Withdrawals are not taxable as long as the money is used for eligible college expenses.

- **Use tax-deferred accounts to pay for educational expenses**

You can use tax-deferred accounts (i.e., an Educational Savings Account) to pay for qualified educational expenses including books and computers for elementary, high school and college expenses.

- **Student loan interest is deductible above the line**

Student loan interest is generally deductible as an above the line deduction, meaning you do not have to itemize in order to claim the deduction. There is a student loan interest deduction of up to \$2,500 for paying interest on a student loan used for higher education. The amount of the student loan interest deduction is gradually reduced if the taxpayer's modified adjusted gross income is within a certain range.

- **American Opportunity Credit (AOC)**

The AOC can amount to \$2,500 in tax credits per eligible student and is available for the first four years of post-secondary education at a qualified education institution. Up to 40% of the credit is refundable, which means that the taxpayer may be able to receive up to \$1,000, even if they have no tax liability. Eligible expenses include tuition at an eligible institution, books and required supplies, but not room and board, medical expenses, insurance, etc. Income limits apply. The taxpayer is now required to have the 1098-T from the qualified educational institution to take the AOC, and the credit has to be based on amount paid and not billed.

- **Lifetime Learning Credit**

Up to a maximum of \$2,000 credit for qualified education expenses paid for a student enrolled in an eligible educational institution. The credit is a nonrefundable credit of 20% of a maximum \$10,000 in qualified education expenses. There is currently no limit on the number of years a taxpayer can claim the credit. Income limits apply. Please keep in mind, this credit does not allow for

some of the items that are allowed for the AOC. This credit is generally based on

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the student can be contributed to a Roth IRA, which will grow tax-free. The earnings are taxable and subject to a penalty *only* if withdrawn before the age of 59 1/2.

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