Education Tax Benefit Extensions in the American Taxpayer Relief Act of 2012

Tax Expenditure	2012 Policy	Expiration	American Taxpayer Relief Act of 2012	10-Year Costs ($ billions)
American Opportunity Tax Credit	Maximum $2,500 credit per student annually for qualified higher education expenses; available up to 4 years; partially refundable for eligible filers; income phase-out begins at $80,000/$160,000 filing jointly	Set to expire after tax year 2012 and revert to Hope tax credit (available for 2 years; not refundable; lower income eligibility)	Extended through tax year 2017	-67.280
Employer-Provided Educational Assistance	Maximum $5,250 in employer-provided assistance for higher education expenses is not considered taxable income	Set to expire after tax year 2012	Made permanent	-11.477
Student Loan Interest Deduction	Maximum $2,500 deduction for student loan interest; above-the-line deduction; income phase-out begins at $60,000/$125,000 filing jointly	Set to expire after tax year 2012 (reverts to deduction limited to 60 months of interest payments; income eligibility phase-out at $40,000/$60,000 filing jointly)	Made permanent (eliminates the 60-month rule; income phase-out begins at $50,000/$100,000 filing jointly)	-9.676
Deduction for Qualified Tuition and Related Expenses	Maximum $4,000 deduction annually in tuition and fees for undergraduate or graduate education; income phase-out begins at $65,000/$130,000 filing jointly	Expired after tax year 2011	Extended through tax year 2013 (available for tax year 2012)	-1.706
Teacher Classroom Expenses Deduction	K-12 teacher deduction of $250 annually for qualified classroom expenses	Expired after tax year 2011	Extended through tax year 2013 (available for tax year 2012)	-0.406
Coverdell Savings Accounts	Contribution limit of $2,000 annually; may be used for higher education and K-12 expenses; income phase-out begins at $95,000/$190,000 filing jointly	Set to expire at the end of tax year 2012 and become less generous (K-12 expenses ineligible; contribution limit of $500 per beneficiary; distributions tax-free only if AOTC or Lifetime Learning credits are not claimed; income phase-out begins at $150,000 filing jointly)	Made permanent; lowers income limits	-0.271

Sources: New America Foundation, Joint Committee on Taxation. January 2013