



TAX BREAKS YOU MAY BE MISSING

By Jacob Ansel

TAX LAW IS INCREDIBLY COMPLICATED

and even if your taxes are easy to file, there may be deductions you're missing out on. Getting the best return isn't about skill, it's about what you know. Many taxpayers miss out on deductions and credits simply because they just aren't aware of them. Several overlooked deductions pertain to health and medical expenses, and insurance premiums. Student loan interest and home office deductions for telecommuters are among other commonly overlooked tax deductions and credits you don't want to miss out on.

You can claim a tax deduction for contributions made to your Health Savings Accounts (HSA) even if you don't itemize your deductions. Money set aside in a HSA can be double tax-free. Contributions are tax-deductible when they go into the HSA, and distributions from the HSA can be tax-free as well.

If you have kids, 529 college saving plans are a resource you should take advantage of. Although contributions are not deductible, earnings in a 529 plan grow federal tax-free and will not be taxed when the money is taken out to pay for college. Tax-free withdrawals can also include up to \$10,000 in tuition expenses for private, public, or religious elementary and secondary schools.

If you're a full-time college student the American Opportunity Credit covers 100% of the first \$2,000 spent on qualifying college expenses, plus 25% of the next \$2,000. That maxes out at \$2,500 per year for up to four years, so long as

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Tax time is stressful, but it helps to be aware of potential deductions so you can keep appropriate documentation to maximize deductions and credits and pay the lowest tax possible. Even the IRS encourages you to take every legitimate means to reduce your tax liability.

your annual income stays below \$80,000 while you're in school. Another tax break is the Educator Expense Deduction; if you're a qualifying educator, you can deduct \$250 on your return. Qualified expenses include money spent on equipment, supplementary materials, anything used in the classroom.

In the past, student loan interest paid by parents received no tax break. But now there's an exception. When parents pay back the loan, the IRS treats it as though they gave the money to their child, who then paid the debt. So a child who's not claimed as a dependent can qualify to deduct up to \$2,500 of student loan interest paid by mom and dad. You can also take advantage of the Lifetime Learning Credit, worth up to \$2,000 per tax return, available to anyone attending a qualified four-year university. The Lifetime Learning Credit can be used for graduate expenses as well and there's no time or age limit.

Expenses incurred while job hunting can be deductible. To be eligible, you must look for a job in the same line of work as your current or most recent job. You can't claim this deduction if it's your

first job or if you're switching careers. But if you qualify, even if you weren't hired, you can write off money you spend in pursuit of a job, including transportation, food, and lodging, employment agency fees, and printing costs for résumés and business cards. If you get a job and move more than 50 miles, your moving expenses are deductible, including hiring movers and mileage for driving your own car to get there.

If your employer paid your full-time salary while you were on jury duty, the money you receive for serving on jury duty must be turned over to your employer since they paid your salary while you were gone. But you can deduct the amount you handed over which makes up for getting taxed on the income you were forced to give up.

If you paid to check your bags on a business trip, you can deduct that as a business travel expense. If you did laundry on that business trip that expense is also tax deductible. Anything you buy to help you do your job better can be deducted. If you subscribe to trade publications or pay dues to an industry professional association, that's tax deductible too. If you're spending money in the name of your job, deduct it.

Once your CPA files your taxes, you can deduct what he's charged you. You can also deduct the cost of tax preparation software, tax publications, or a fee for electronically filing your taxes. If you paid your taxes by debit or credit card, you can deduct any convenience fees. Ah, the circle of life!

Tax laws are continually in flux. Speak to a tax professional to make sense of what works best for you. □