

DON'T WRITE OFF THESE DEDUCTIONS

For some taxpayers, failing to claim a tax deduction can mean overpaying the IRS by hundreds or even thousands of dollars. Don't miss a chance to reduce your taxable income. Keep in mind these eight tax deductions that taxpayers frequently overlook.

Itemized Deductions

To claim these deductions, taxpayers must itemize and document each deduction they claim. Be sure to keep all receipts, correspondence and paperwork validating these transactions.

1. **Medical costs** – Expenses for doctors, prescriptions, hearing aids and other medical costs can be deducted once they exceed 7.5 percent of your adjusted gross income. Only expenses that are not reimbursed by insurance and are not paid through a tax-advantaged plan, such as a flexible spending account, are deductible.
2. **State and local taxes** – Personal property taxes, real estate taxes, and state and local income taxes are deductible in the year you pay them. In some instances, it's better to deduct state and local sales taxes instead of state and local income taxes, especially if you live in a state without income tax.
3. **Charitable contributions** – Clothing and household items donated to charity must be in "good used condition" to qualify. Unsure? Ask yourself if it could be re-sold at a thrift store. If so, it's safe to donate. For financial donations, avoid giving cash. The IRS requires a bank or financial record, such as a cancelled check, to claim a monetary deduction.
4. **Out-of-pocket job expenses** – Uniform costs, union dues, continuing education courses and other expenses not reimbursed by employers may be deductible. Only employee business expenses plus any other miscellaneous itemized deductions in excess of 2 percent of your adjusted gross income are deductible.

Other Deductions:

Taxpayers may claim these deductions whether or not they itemize.

5. **Higher education** – Up to \$2,500 of student loan interest may be deducted each year. A deduction also is available for up to \$4,000 of tuition and fees paid for higher education for yourself, spouse, or a dependent.
6. **Moving expenses** – The cost of moving yourself, your family and even a pet to a new job location may qualify you for a deduction. There are time and distant criteria that must be met so consult your tax professional to see if you qualify.
7. **Military** – Reservists can deduct non-reimbursable travel expenses for reporting to National Guard or military reserve duty at least 100 miles from home.
8. **Self-employed** – Business owners may deduct half of their self-employment taxes, all of their self-employed health insurance premiums and all contributions to self-employed retirement plans.

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