

10 Most Commonly Missed Deductions

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1. Moving Expenses for Your First Job. You can deduct your moving expenses for job relocation purposes. If you have moved over 50 miles, you may deduct 20 cents per mile, parking fees and tolls. You may also deduct your car expenses and the costs of moving yourself and your belongings to your new home.

2. Student Loan and Interest Paid. Previously, the IRS required that you pay student loan interest to qualify for the deduction. If your parents pay back your student loan, the IRS now views this as your parents giving you the money so that you can pay your debt. If you are not being claimed as a dependent, you can qualify to deduct up to \$2,500 of your student loan interest paid by your parents.

3. College Tuition. If your income is too high to qualify for the Hope Credit or Lifetime Learning Credit and you paid college tuition for yourself, your spouse, or your dependent, you can still deduct up to \$4000 on your return. This can really offset your income and give you a break on your tax liability.

4. Out of Pocket Charitable Contributions. You may be able to list out of pocket expenses you incurred while working or donating for charitable purposes. For example, if you prepare dishes for a nonprofit organization, you can list the cost of the ingredients you purchased.

5. Child Care Credit. It is easy to overlook the child care credit if you pay your child care bills through a reimbursement account at work. You will be able to list up to \$6,000 in child care expenses. However, if your expense is paid through a work account, you can only list up to \$5,000.

6. Military Reservists Travel Expenses. If you are a member of the National Guard or Military Reserve, you may qualify for a deduction for travel expenses to drills and meetings. In order to qualify, you must travel more than 100 miles and be away from home overnight. If you drove your own vehicle, you can deduct 48.5 cents per mile plus the cost of lodging and half the cost of your meals.

7. Estate tax on income in respect of a decedent. If you withdrew money from an inherited IRA, you may deduct whatever taxes you paid from the amount you withdrew.

8. \$250 Educators' Expenses. Both teachers and aides can deduct up to \$250 they spent in 2007 for books and classroom supplies. You can get this deduction whether or not you itemized.

9. State Tax you paid Last spring. If you owed tax when you filed your 2006 state tax return, you may list this as a state tax deduction for your 2007 tax return.

10. Jury compensation paid to Employer. In many scenarios, employers require you to surrender your compensations from jury duty pay in exchange for your regular salary during the period you were fulfilling your civil duties. Even after passing this money over to your employer, the IRS still considers this to be taxable income. Therefore, you have the ability to deduct this amount as a job expense whether or not you itemized.