

Tax Notes

Third-quarter individual estimated tax payments are due September 15.

Keep Track of Miscellaneous Deductions



Miscellaneous deductions can reduce your taxes. The most common deductions are job-related expenses you incur as an employee. To claim these costs, you must itemize deductions when you file your taxes. Following are a few of the deductions that could reduce your taxes.

Deductions Subject to the Limit. You can deduct most miscellaneous costs only if their sum is more than two percent of your adjusted gross income. These include expenses such as:

- Unreimbursed employee expenses.
- Job search costs for a new job in the same line of work.
- Some work clothes and uniforms.
- Tools for your job.
- Union dues.
- Work-related travel and transportation.
- The cost you paid to prepare your tax return.
- Separately billed trustee fees for your IRA.

Deductions Not Subject to the Limit. Some deductions are not subject to the two-percent limit. They include:

- Certain casualty and theft losses. In most cases, this rule applies to damaged or stolen property you held for investment. This may include property such as stocks, bonds and works of art.
- Gambling losses up to the total of your gambling winnings.
- Losses from Ponzi-type investment schemes.
- Impairment related work expenses.

Nondeductible Expenses. There are many expenses that you can't deduct. Some items include:

- Personal living or family expenses.
- Pet expenses.
- Wedding or funeral expenses.
- Credit card fees.
- Fines and penalties.
- Hobby losses.
- Rent payments.

Did You Know?

Though taxpayers may choose to litigate tax matters in a variety of legal settings, outside of bankruptcy, the Tax Court is the only forum in which taxpayers may do so without having first paid the disputed tax in full.

Quote Corner

"A budget is telling your money where to go instead of wondering where it went."

~ Dave Ramsey