

All About Tax Deductions

Income tax time can be a dreadful season if you are not aware of all of the income tax breaks you can get through income tax deductions. It is important to understand what is tax deductible so that you can get as large of a tax refund as possible.

Probably the most well known income tax deduction is the Earned Income Credit. The earned income tax credit is available to those who make a minimum amount of money and can file tax as single, married, or head of household. The more money you made, the more your earned income tax credit is until you hit the peak, which is around \$30,000. Once you hit that peak, the earned income tax credit goes down until you reach the maximum income allowed to receive the earned income tax credit.

The second well known income tax deduction is the Child Tax Credit. The child tax credit is available to you if you have two or more children in the home for more than six months out of the year for which you are filing tax, and if you have a tax liability. Through the child tax credit, you receive around \$1000 per child. This total amount is then applied to your tax liability, and any amount of child tax credit left over is made a part of your income tax refund.

Another income tax deduction is for child day care, when the child day care is needed in order for one or both parents to work outside the home. This day care income tax credit is equal to a percentage, up to a maximum amount, of the actual day care expenses paid for that tax year.

Other expenses can also be tax deductible. Interest paid on a mortgage for the primary residence can be claimed as an income tax deduction. Medical expenses can also be claimed as an income tax deduction, although this is not very helpful unless you have an excessive amount of medical expenses to deduct on your income tax return. Tax paid to another state can be used as an income tax deduction in the state that you live in. Donations and contributions to charities, fundraisers, churches, etc. can also be tax deductible.

If you are self-employed, you can also claim business expenses as income tax deductions. This includes any expenses directly related to running your business. You can take a mileage income tax deduction for any miles you put on your vehicle for business purposes. You can also take an income tax deduction for your office space in your home if it is used only for business purposes in the form of a portion of your rent, utilities, and phone bills. You can also take an income tax deduction for your personal computer, printer supplies, and other office supplies as long as you have the receipts for the tax deductible

expenses, and usage logs for the personal computer and other equipment to show that it is used primarily for business.

As you can see, there are many income tax deductions available to you. If you have any questions about what is tax deductible, you should contact a qualified, certified, licensed tax accountant today.