

DON'T FORGET TO DEDUCT

20 OFTEN OVERLOOKED ITEMIZED DEDUCTIONS

by Robert D Flach
the internet's "[Wandering Tax Pro](#)"

MEDICAL

(1) Travel to and from doctors, dentists, hospitals, therapists, etc. to receive medical care, and round-trip travel to visit a sick spouse or dependent if the visits are recommended by a doctor as part of the patient's treatment. If you take a taxi, bus, train, or ambulance you can deduct the actual expense. If you drove you can deduct 19 cents per mile for 2016 plus any parking fees and tolls.

(2) Health insurance premiums, whether you pay the premium directly or it is deducted from your payroll or pension check, unless the payroll deduction is part of a pre-tax Section 125 or cafeteria plan. This includes the amount deducted from Social Security and Railroad Retirement checks to pay for Medicare Part B premiums.

(3) Long-term care insurance premiums. The deduction is limited based on the taxpayer's age. For 2016 the limits are: age 40 or less = \$390, age 41-50 = \$730, age 51-60 = \$1,460, age 61-70 = \$3,900, and age 71 + older = \$4,870. Each spouse is treated separately in determining the age-based limitation.

(4) Stop smoking programs and drugs prescribed to alleviate nicotine withdrawal.

(5) Amounts paid for a person who would otherwise qualify as a dependent but cannot be claimed as one on your 1040 because his/her income exceeds the limitation or because that person filed a joint return, and a person who was your dependent in the year the expenses were incurred but not in the year the expenses were actually paid.

(6) Contact lenses and hearing aids, as well as the cost of maintenance and upkeep, such as contact lens saline solution and enzyme cleaner and hearing aid batteries and repairs.

You can deduct medical expenses only to the extent that the total exceeds 10% of your Adjusted Gross Income (7½% of your AGI if you, or your spouse on a joint return, were age 65 or older).

TAXES

(7) Contributions to a state unemployment, disability, and/or family leave fund which are withheld from your paycheck, as is the practice in Alaska, California, New Jersey, New York, Pennsylvania, Rhode Island, Washington and West Virginia. These taxes are considered state income taxes for the purpose of electing to deduct state and local sales taxes. If you elect to deduct sales tax you cannot also deduct state unemployment, disability, or family leave contributions.

(8) The portion of your annual maintenance fee assessment for a time-share condo, such as Disney Orlando and Marriott, which represents your share of the property's real estate taxes. This amount should be identified on the annual billing statement.

(9) The amount of real estate taxes paid as an adjustment at the closing for the purchase or sale of a residence or vacation property. This is the estimated real estate tax liability from the date of closing to the next regular tax payment date on a purchase, or from the last regular tax payments to the date of closing on a sale.

(10) State and local personal property taxes, including auto registration and license fees, which are charged annually and based on the value of the car and not weight, model, year or horsepower. If the assessment is based on both value and weight or another criteria only that part of the fee attributable to value is deductible.

INTEREST

(11) Interest paid on money borrowed to purchase stocks and other investments, such as the "margin interest" charged by brokerages. The deduction is limited to net investment income (interest, dividends, royalties and net

short-term capital gains less any investment expenses). Investment interest paid in excess of net investment income can be carried forward indefinitely.

(12) The unamortized points from a refinanced home residence mortgage or a vacation home purchase when the mortgage loan that generated the points is paid off early, is refinanced again (or for the first time if a vacation home) with a new lender, or the property is sold. Generally when you refinance a home residence mortgage or purchase a vacation property any points charged on the loan must be deducted, or amortized, over the life of the mortgage. When the mortgage is paid off early the balance of the points can be deducted in full in the year the loan is paid off.

(13) Late payment fees and charges on a mortgage loan. Sometimes these charges are included in the mortgage interest reported on Form 1098, and sometimes they are not. You should check your annual loan amortization statement.

CONTRIBUTIONS

(14) Out-of-pocket expenses connected with donations or volunteer service to a qualifying church or charity, such as the cost of the ingredients of home-made cookies or a cake donated to a church bake sale, or the cost and laundering of uniforms for a scoutmaster.

(15) Travel and transportation expenses incurred while performing a volunteer service for a qualifying church or charity. If you use your car you can deduct 14 cents per mile in lieu of actual expenses plus any parking fees and tolls.

MISCELLANEOUS

(16) The cost of looking for a job in your present line of work, such as fees paid to employment agencies and consulting firms for securing a job, preparing a resume or career counseling, the cost of typing, printing and mailing resumes, telephone calls to set up interviews, newspapers and periodicals purchased for employment ads, and round-trip travel or transportation to job interviews, including lodging and meals (at 50%) if away from home overnight. If you drove you can deduct 54 cents per mile for 2016. Expenses to look for work in a new trade or field are not deductible; neither are the costs of finding your first job after graduating from school. You do not have to actually get a new job to be able to deduct the expenses.

(17) If you have more than one job you can deduct travel going directly from your first job to your second job in the same day. If you work at an office during the day and at a store in the mall in the evening you can deduct travel going directly from the office to the mall. If you drove you can deduct 54 cents per mile for 2016. You cannot deduct your travel if you go home first to change or eat between jobs.

(18) Custodial and administrative fees for IRA, SEP and Keogh accounts, if billed and paid separately and not deducted from the account balance.

(19) The cost of education that is expressly required by an employer, by law, or by government regulation, or maintains or improves skills required in your current trade or business, including tuition, textbooks, registration fees, and supplies, round-trip transportation to the education (see #16 above for mileage allowance), meals (at 50%) and lodging while away from home, lab fees, student cards, insurance and degree costs, and writing expenses for term papers and dissertations (i.e. research and typing). You cannot deduct the cost of education if it is the minimum requirement for a trade or business, or prepares one for a new trade or business, even if the taxpayer does not intend to enter that trade or business.

(20) Expenses incurred in connection with the "determination, collection or refund of any tax" (income, estate, gift, property and other taxes imposed at the federal, state or local level). This includes fees paid to a tax professional for preparing or amending a federal, state or local income or estate tax return, for tax planning advice, and for audit representation, plus round-trip mileage to meet with the tax pro, and seminars, workshops, software, books, reports, newsletters and publications that provide tax planning and preparation advice and information. ***The cost of the reports and newsletters published by Taxes and Accounting, inc is fully deductible as a miscellaneous deduction if you can itemize.***

You can deduct the above "miscellaneous" expenses only to the extent that the total exceeds 2% of your Adjusted Gross Income (AGI).

<http://wanderingtaxpro.blogspot.com>

THE WANDERING TAX PRO

A weblog, or “blog”, is a web page made up of usually short, frequently updated postings that are arranged chronologically, sort of like a “What’s New” page or journal. The content of weblogs vary greatly, from links and commentary about other websites, to news about a company, person, topic or idea, to individual or family diaries.

THE WANDERING TAX PRO, written by 45-year tax veteran and lifelong Jersey City Heights resident Robert D Flach, provides-

- ✓ up-to-the-minute advice, information, resources, and commentary on federal and NJ state income taxes and the NJ property tax rebate programs;
- ✓ updates on federal and state tax legislation, IRS and NJ Division of Taxation rulings and regulations, and federal and NJ tax court decisions;
- ✓ news on updates to the tax planning and preparation website of Robert D Flach, LLC, and
- ✓ insights and observations on operating a tax preparation practice.

Visit <http://wanderingtaxpro.blogspot.com> often!

TAX GUIDE FOR NEW HOMEOWNERS

by Robert D Flach
the internet's [Wandering Tax Pro](#)

I have written a guide especially for new homeowners - a detailed review of all of the special tax benefits available to homeowners.

The guide discusses –

- ✓ itemized deductions for real estate taxes, mortgage interest, points, and mortgage insurance premiums,
- ✓ the home office deduction,
- ✓ rental income and deductions for a 2-family home,
- ✓ the home sale exclusion, and
- ✓ the dreaded Alternative Minimum Tax.

It also includes special sections on Other Itemized Deductions and Choosing a Tax Professional, a listing of the 2016 inflation adjustments for deductions and credits, and special forms, schedules, and worksheets to use during the year and at tax time.

The cost of this special tax guide, sent to you as a pdf email attachment, is **only \$7.95**. A print version is also available for \$9.95.

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