

TAX TIPS

How To Pay Less Next Tax Time (Legally)

(NAPSA)—Getting a big check may not always be a good thing. For example, if you receive a large tax refund from the IRS, it means you paid out too much in income tax the year before and, essentially, lent your money to the government interest free.

Fortunately, a talk with a licensed tax specialist before the end of the year may help you avoid both that and having to pay a lot next tax time.

Here are a few hints on how:

- **Make sure your W-4 form** at work is up to date and filled out in your favor. Does it have the correct number for your dependents?

- **Institute, increase or max out retirement contributions.** Contribute more to your 401(k) to reduce your taxable income and your tax bill. If you don't have one, or an IRA, now might be a good time to start.

- **Be generous.** Charitable gifts and certain presents to relatives may yield tax benefits. In addition to money gifts, donating clothes, toys and household items to charity can lead to a tax deduction. Keep a list of what you gave and its fair market value and get a receipt from the organization. You may also be able to deduct travel and other expenses of volunteering.

- **Mix business with pleasure.** If you can combine a vacation and business trip, you may be able to deduct part of the unreimbursed expenses spent on business, such as airfare and part of your hotel bill.

- **Use health care to improve your wealth.** If you can, tap into a



Don't overlook legal ways to avoid paying taxes.

medical reimbursement account or flex plan at work that lets you divert part of your salary, pretax, to an account from which to pay medical bills.

- **Looking for work?** Job search expenses such as agency fees, résumé printing, career counseling costs and travel related to the effort may be deductible even if you didn't find a new job. If you do find one that meets the 50-mile test, you may be able to deduct your moving expenses.

- **Go green.** Some energy-saving devices and appliances also come with a tax break.

- **Be smart, go to school.** You may be able to get a tax credit on 100 percent of the first \$2,000 spent on certain college expenses and 25 percent of the next \$2,000 for up to \$2,500 per student.

- **Get more good advice** from an enrolled agent and member of the National Association of En-rolled Agents—a group of licensed tax practitioners who focus solely on taxation year-round. To find one nearby, call (855) 880-6232 or visit www.eatax.org.