

The Top Ten Overlooked Deductions

by Jeff Schnepfer

(NAPSA)—Each year, thousands pay too much in taxes. Read this before you file.

1. Pay off debt with a home equity loan rather than credit cards. Personal interest is not deductible. The interest on up to \$100,000 of debt is deductible as home equity interest.

2. Contribute old clothes, furniture and other items to charity. You can deduct the wholesale fair market value of non-cash contributions to any qualified charitable organization. You can also deduct your mileage—at a rate of 14 cents a mile—if you use your car for charitable purposes. Make sure you get a receipt.

3. Bunch your deductions. Many deductions, such as medical expenses, require you to overcome a minimum. That means if you know you're going to spend a large amount on medical bills this year, see if there are others you can take now rather than next year. If your daughter needs orthodontia work, do it in the year where you know you can get the deduction.

4. Let the IRS subsidize your job search. Job hunting expenses are deductible as miscellaneous itemized deductions. Such expenses would include resumes, phone calls, postage, travel costs and any other expenses related to your attempt to get a new job.

5. Investment expenses are allowed as miscellaneous deductions. Such expenses include investment publications, payment for investment advice, calls to your broker and any other expenses related to the production of investment income.

6. Keep receipts on any business supplies or business-related gifts you make. The key is that you use the items in the business, not that you necessarily need them.

7. Tax planning advice is deductible.

8. Not only medical expenses, but any special equipment or treatments you receive, are deductible.



Creative—but legal—deducting could help keep April from becoming too taxing a time for you.

Capital expenditures are deductible to the extent their cost exceeds the added value to your property. If you have a medical condition that can be helped by a sauna or a whirlpool, those items are deductible. If you use your car for trips to the doctor, keep a record and deduct 10 cents a mile for tax purposes.

9. Deductible medical services don't have to be performed by your doctor if you have a condition like a bad back and your doctor says you need a daily massage or other type of treatment. Get a written note from your doctor saying you need those services.

10. Self-employed owners can deduct the costs of hiring their children as workers. If your business is unincorporated and they're under 18, you won't be liable for any Social Security or Medicare taxes. This has been allowed for children as young as seven.

Some of the above techniques are aggressive, but all are legal—backed up with court cases, revenue rulings and the like. If they're appropriate for you, use them. Otherwise, you're making a nondeductible contribution to the IRS.

To learn more, see www.money.msn.com.

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