



The Tax Picture

Tips To Use Throughout The Year For A Bigger Tax Refund

(NAPSA)—Your everyday activities could amount to big savings on next year's tax return. Although your federal tax return isn't due until April 17, 2012, you should do two things now.

First, take a few minutes to learn what tax credits and deductions exist. The Internal Revenue Service has surprisingly easy-to-understand information on its website at www.irs.gov. Tax preparation solutions also offer information and tips on their websites, even if you don't use their product.

Second, save receipts and documents for whatever you think you might be able to claim. "You may not qualify a particular credit or deduction right now, but you may by the end of 2011," said Jessi Dolmage, spokesperson for TaxACT. "Organize documents by category and save in one place to make tax time easier."

To help you get started on your everyday tax savings, TaxACT summarizes several savings opportunities.

Parents who work, attend school or are disabled may be able to write off child care expenses for children under 13. The Child and Dependent Care Credit includes before- and after-school care and day camp (overnight camp does not qualify). The credit amount depends on income, but is generally 20 to 35 percent of up to \$3,000 in qualifying expenses per dependent, or \$6,000 for two or more dependents.

If you use a personal vehicle for business, charitable, medical or moving purposes, you may be able to deduct the mileage. The IRS' standard mileage rates for the first half of 2011 are 51 cents per business mile, and 19 cents per medical and moving mile. Business, medical and moving miles driven between July 1 and December 31, 2011 are worth 55.5 and 23.5 cents per mile. Mileage for charitable organizations is 14 cents per mile for all of 2011.

Direct and indirect expenses for use of your home for business purposes may be deductible. The space must be regularly and exclusively used as your principal place of business or for business meetings with patients, clients or customers. The amount is determined by the percentage of your home used and whether gross business income is less than your



A bigger tax refund is possible if you follow some important tax tips.

total business expenses.

Depending on your adjusted gross income and whether you're covered by an employer-sponsored plan, you may deduct up to \$5,000 of contributions to a traditional IRA. If you're 50 or older, you can deduct as much as \$6,000. Contributions to both traditional and Roth IRAs for 2011 must be made by April 17, 2012.

If medical and dental expenses for you, your spouse and dependents exceed 7.5 percent of your AGI, 2011 costs may be an itemized deduction. Expenses may include insurance premiums, fees paid to medical professionals, prescription drugs, transportation costs and hospital services.

Generating income from a hobby? You may be able to claim hobby expenses up to the amount of income generated as an itemized deduction. The IRS considers a hobby an activity you'd do even if it didn't generate income. Keep in mind you may get bigger tax benefits from making it a business if you're generating regular income from the hobby.

If you itemize, you can generally deduct interest paid on your home mortgage(s). The amount depends on the mortgage date, amount and how you use the mortgage proceeds.

Learn more about all of these tax breaks at www.irs.gov.

Tax preparation solutions help you easily navigate these credits and deductions. They even complete the forms for you. TaxACT solutions for 2011 returns will be available in early October, allowing you to estimate your federal and state taxes, and get year-end tax tips. Learn more at www.taxact.com.