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ACCOUNTING AND BUSINESS CONSULTING

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Common Write-Offs You Can Deduct from Your Federal Tax Return

- **Property Taxes** – capped at \$10,000 as per the Tax Cuts and Jobs Act of 2017. Expected to expire in 2025, unless Congress extends it.
- **Mortgage Interest** – limited to interest on up to \$750,000 of mortgage debt incurred after Dec. 15, 2017. That number is reduced to \$350,000 for those married-filing-separately.
- **State Taxes Paid** – the write-off is capped at \$10,000 for all deductible state and local taxes.
- **Contributions to a Charity** – provided they total up to 60% of your adjusted gross income (AGI). The donation of property and/or items is considered a charitable contribution.
- **Medical and Dental Expenses** – you can only deduct such costs if they exceed 7.5% of your AGI. Mileage for trips to the doctor's office or hospital can also be included. The 2023 rate is 22 cents a mile. In 2024, it has been reduced to 21 cents per mile.
- **Lifetime Learning Education Credit** – the maximum amount of credit you'll get per tax return is \$2,000. This tax credit covers tuition, fee payments, and books and/or supplies for yourself, spouse, or child. The credit is income-based.
- **American Opportunity Tax Education Credit** – offers a tax break for the first four years of higher education. Covers tuition fee payments, as well as books and/or supplies for yourself, spouse, or child. The amount of tax credit you'll get is also based on income.
- **Retirement Credits** – applicable to traditional or Roth IRAs and 401(k)s. To qualify for this tax credit, the maximum you can contribute is \$2,000/\$4,000 if married-filing-jointly.
- **IRA Contributions** – the maximum contribution for 2023 was \$6,500, plus an additional \$1,000 if 50 and older. In 2024, it has been increased to \$7,000, with the same catch-up rule as last year.
- **Health Insurance Premium Tax Credit** – if you are self-employed, you can deduct 100% of the health insurance premiums you pay per month. This applies to health insurance for you, your spouse and your dependents.
- **Student Loan Interest** – the maximum amount of interest you can deduct is \$2,500.
- **Adoption Tax Credit** – the tax credit for 2023 was \$15,950 per child. In 2024, it's \$16,810.
- **Home Office Deduction** – there are two options. They include the simpler one, which means multiplying the square footage of your home office by \$5. A maximum of \$1,500 can be used as a tax credit (up to 300 square feet). The other alternative is to claim actual expenses, including rent, mortgage interest and repairs based on the amount of your home that is devoted to a home business.
- **Solar Tax Credit** – claim up to 30% of home improvements like the addition of solar water heaters and solar electric panels that were installed from 2022 through 2032.