

## Ten Ways to Reduce Your Taxes Whether You Itemize or Not

You don't have to itemize to find opportunities for savings on your taxes. But be sure to select your tax form carefully and read the instructions thoroughly. Not every deduction or credit appears on every form. While some deductions and credits have their own lines, others do not. You are required to do some hunting and may have to fill in the blanks to take advantage of them.

Here "above the line" deductions are available to non-itemizers and itemizers alike. Numbers 1-4 are available on both Form 1040 and 1040A, 5-10 are available only on Form 1040.

1. **IRA deductions** – The maximum deduction per year for an Individual Retirement Account (IRA) is \$5,000 for 2009. Individuals 50 and older can make an additional catch-up contribution of up to \$1,000. You can still reduce your taxes through an IRA contribution. Contributions made up to the return due date, without extensions, are treated as made on the last day of 2009.
2. **Student loan interest** – If you qualified for and have paid interest on qualified education loans, you may claim an above the line deduction for the interest, up to \$2,500. The deduction starts to phase out for individuals with a modified adjusted gross income (AGI) of more than \$50,000, and more than \$100,000 for joint filers.
3. **Tuition and fees** – You can take up to \$4,000 as an above the line deduction for qualifying educational expenses at an accredited post-secondary institution. The deduction is subject to reduction at AGI levels above \$65,000 (\$130,000 for joint filers) and is not available if AGI exceeds \$80,000 (\$160,000 for joint filers). This must be coordinated with other educational exclusions and cannot be used for anyone for whom the American Opportunity Tax Credit or Lifetime Learning Credit is claimed.
4. **Teachers' classroom expenses** – On 2009 returns, eligible educators can deduct up to \$250 per year for unreimbursed expenses incurred in connection with books, supplies (other than non-athletic supplies for courses in health or physical education), computer equipment and supplementary materials used in the classroom.
5. **Expenses for reservists, performing artists, fee-basis government officials** – Normally, expenses related to an occupation are taken as itemized deductions or are subtracted from income on a business return, but there are exceptions for these narrow classes. See Form 2106 for details.
6. **Health Savings Accounts (HSAs) and Archer Medical Savings Accounts (MSAs)** – The deduction for HSAs is taken on line 25. If you have an MSA, you must indicate the deduction by writing in "MSA" and the amount on the dotted line next to line 36.
7. **Moving expenses** – To qualify, your new workplace must be at least 50 miles farther from your old home than was your previous workplace.

8. **Deductions for the self-employed** – If you're self-employed, you can deduct one-half of your self-employment taxes. You also can deduct the health insurance premiums you paid as a self-employed individual. Self-employed individuals also can deduct their contributions to Keogh, SEP and SIMPLE retirement plans from their gross income.
9. **Early withdrawal penalties** – If you earned interest that you later forfeited because of a premature withdrawal penalty, you can use the loss to reduce your gross income.
10. **Alimony** – Alimony is deductible, including back alimony, in the year when it is actually paid. Amounts that are actually property settlements or child support are normally non-deductible – although different rules apply to pre-1984 divorces.