



Tax Season Tip Sheet: Deductions That Can Put Money Back in Your Pocket

CFP Board Ambassador offers advice for reducing your tax bill

Englewood, March 31, 2017 – As tax day quickly approaches, Americans are compiling their W-2s, 1099s and charitable contribution receipts. Though many may be looking forward to receiving a refund, others are likely to discover they owe more.

"Going into tax season with a plan makes it a lot easier to tackle the complexities and avoid the unpleasant surprises. Talking to a CFP Professional can make all the difference!" Karl Frank, CFP®

In the latest contribution to LetsMakeaPlan.org, CFP Board offers six tips to help reduce your tax bill to make this season a little less taxing on your life.

- **Claim Your Credits:** Tax credits offer a dollar-for-dollar reduction of your income tax liability, which is why they're the best option to reduce your total bill. Earned Income Tax Credit, Child Tax Credit, Child and Dependent Care Credit, American Opportunity Tax Credit, and Lifetime Learning Credit are just a few of the options available to reduce your tax burden.
- **Itemize Your Deductions:** The 2016 standard deductions for filing as 'single' is limited to \$6,300, while the 'married filing jointly' (MFJ) limit is \$12,600. If your deductible expenses – which can include medical and dental expenses, standard auto mileage rates for business purposes, and other miscellaneous deductions – exceed these limits, you should itemize them to benefit from the write-offs.
- **Take Advantage of Federal Programs:** If you contribute to an Individual Retirement Account (IRA or Roth IRA), the federal government offers tax benefits. Rates and contributions vary, so be sure to understand the contribution rules.
- **Know How AMT Works:** The Alternative Minimum Tax (AMT) was created to penalize high-income taxpayers who used allowable deductions and credits to essentially wipe out their tax liability. As an alternative computation of your tax, you'll pay the higher of your regular tax or that which is computed under the AMT.
- **Defray Costs of Long-Term Care:** The IRS allows for a deduction of a portion of your premiums for long-term insurance coverage. If you're over 70, you can deduct \$4,870, but if you're under 40, you can write off \$390.
- **Understand Tax Breaks for Small Business Owners:** Small business owners that meet certain requirements can reduce their tax bill. Employee health care credits, tax preparation services and more are available for small business owners to utilize during tax season.



The tax preparation process is a great time to consult a CERTIFIED FINANCIAL PLANNER™ professional, who can help you become more efficient and savvy when filing your taxes.

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ABOUT KARL FRANK AND A&I FINANCIAL SERVICES

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