



# Save On Taxes

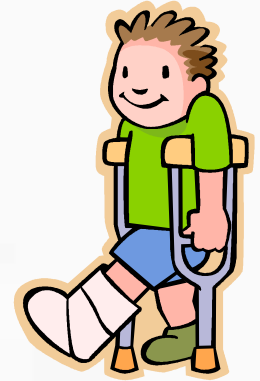
Part 1: What Receipts Should You Save?

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Haj Financial

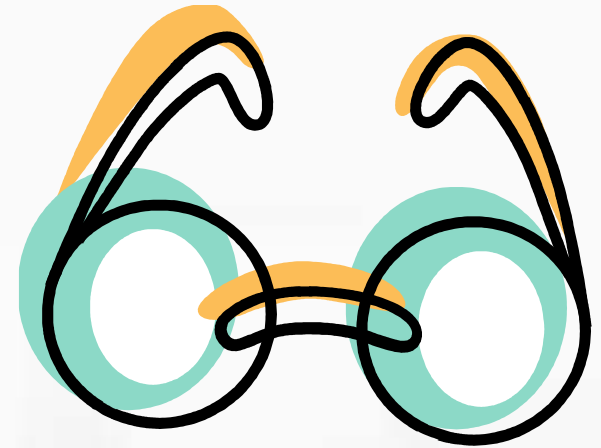
# Things that Can Be Deducted!!!



- Medical & Dental Expenses
- Taxes
- Interest
- Gifts to Charity
- Casualty & Theft Losses
- Job Expenses
- Miscellaneous Deductions



# Medical & Dental Deductions





# Medical & Dental Expenses

- Insurance premiums
- Prescription medicines
- Insulin
- Medical exams
- X-ray and lab services
- Diagnostic tests
- Full body scan
- Blood sugar test kit
- Pregnancy test
- Nursing Help
- Hospital Care
- Stop-smoking Program
- Weight-loss Program
- Medical treatment for addictions
- Medical aids:
  - Eyeglasses
  - Contact lenses
  - Hearing aids,
  - Braces
  - Crutches
  - Wheelchairs



# Payments you CANNOT deduct

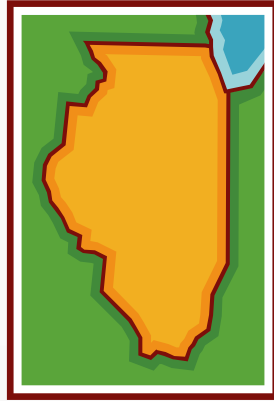
- Cost of diet food
- Cosmetic surgery
- Life Insurance
- Nonprescription medicines
- Travel your doctor told you that you need
- Funeral, burial, or cremation costs

# Whose Expenses can you deduct?



- Yourself &
- Your Spouse
- All dependents
- Your child that you did not claim because of divorce
- Any person you could have claimed as a dependent except that person received \$3,500 or more of gross income

# Taxes You Paid



State Taxes

Sales Taxes

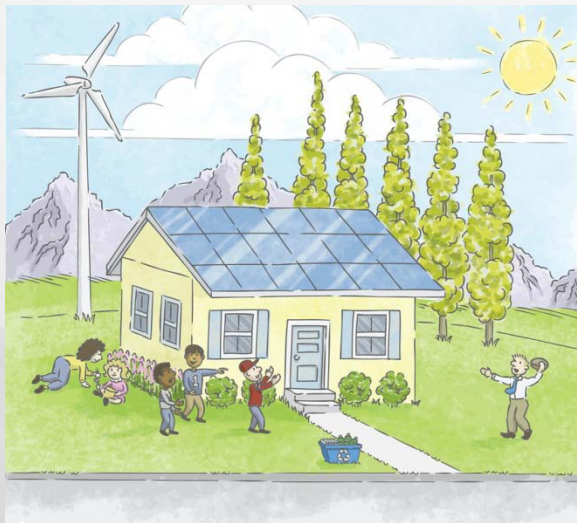
Real Estate Taxes





# Interest You Paid

- Home Mortgage: **Main home** or **2nd home**.
- 1<sup>st</sup> and 2<sup>nd</sup> Mortgages
- Home Equity Loans
- Refinanced Mortgages
- Prepaid Mortgage Insurance (**PMI**) after 12-31-06







# Interest that is NOT Deductible



- Interest for Personal Use
  - Car Payments
  - Credit Cards
  - Consumer Debt



# Gifts to Charity



- Need to deduct to Qualified Organizations
  - Examples: Churches, mosques, temples, Boy Scouts, Boys and Girls Clubs of America, CARE, Girl Scouts, Good Will Industries, Red Cross, Salvation Army, etc.
- Contributions
  - Cash, Property, or Out-of-Pocket Expenses



# Gifts to Charity



- Gifts of \$250 or more
  - Statement from the charitable organization
    - Amount of the money contribution and description
    - If organizations did or did not give you goods or services in return for contribution
- Contributions other than Cash or Check
  - Used Items → Deduct FMV
  - If > \$500 → Additional limitations may apply
  - If > \$500 and a motor vehicle → Need a statement from organization
  - If > \$5,000 → Need appraisals



# Gifts that are NOT Deductible

- Travel Expenses while away from home
- Political contributions
- Dues, fees, or bill paid to country clubs
- Cost of raffle, bingo, or lottery tickets
- Cost of tuition
- Value of your time and Services
- Value of blood given to a blood bank
- Gifts for personal profit
- Gifts to foreign organizations



# Casualty and Theft Losses

- Loss caused by
  - Theft
  - Vandalism
  - Fire
  - Storm
- Lost money in a institution that became insolvent
- Many limitations apply





# Job Expenses

- Unreimbursed Employee Expenses
  - Travel & Transportation
  - Meal & Entertainment Expenses
  - Examples
    - Safety equipment, small tools, and supplies needed
    - Uniforms required by your employer
    - Protective clothing, e.g. hard hats, safety shoes, glasses
    - Physical Exams required by employer
    - Dues to professional organizations and chamber of commerce
    - Subscription to professional journals
    - Job Finding Expenses



# Expenses You CANNOT Deduct

- Political Contributions
- Legal expenses for personal matters
- Lost or misplaced cash or property
- Meals Expenses during work hours
- Entertaining Friends Expenses
- Commuting Expenses
- Travel expenses
  - for employment away from home if  $> 1$  year
  - Travel as form of education
- Expenses of attending a seminar, convention, unless it is related to work
- Club Dues



# Miscellaneous Deductions

- **Tax Preparation Fees**
- **Gambling Losses to the extent of the winnings reported**
- Casualty and theft losses of property used in performing services as an employee
- Casualty and theft losses of income-producing property
- Federal estate tax on income in respect of a decedent



# Any Questions?

