



TAX OFFICE & ASSOCIATES™

We Make Taxes EZ . . . Because It's Your Money™

STANDARD vs. ITEMIZED DEDUCTIONS

One or the Other, Not Both

STANDARD DEDUCTION

- ❖ The simple deduction method
- ❖ Reduces taxable income by a specific dollar amount
- ❖ No Schedule A required

AMOUNTS FOR 2021 TAX YEAR



Single and Married Filing Separately

\$12,550



Head of Household

\$18,800



Married Filing Jointly and Qualifying Widow(er)

\$25,100



ITEMIZED DEDUCTION

- ❖ Requires you to report amounts paid for qualified deductions
- ❖ Reduces taxable income by the sum of your qualified deductions (some items are limited)
- ❖ Is advantageous when the total is more than your standard deduction amount
- ❖ Requires you to complete Schedule A

COMMON DEDUCTIONS



Home Mortgage Interest



Real Estate Taxes



Personal Property Taxes
(e.g., Vehicle Tax)



Gifts to Charities
(cash and non-cash)



Medical & Dental Expenses

OR

LIMITS

7.5% Limit Medical and Dental Expenses — deduct only the amount greater than 7.5% of your adjusted gross income

OTHER LIMITS AND INFORMATION

- ❖ Job expenses and certain miscellaneous deductions are not deductible
- ❖ Deducting interest on home equity loans is limited and has restrictions
- ❖ Deduction for casualty and theft losses repealed except when attributable to a federal disaster
- ❖ AGI percentage limit for charitable donations increased from 60% to 100%
- ❖ For mortgages taken out after Dec. 14, 2017, taxpayers may only deduct mortgage interest on \$750,000 of qualified residence loans (prior limit was \$1 million)