

Don't Overlook the Benefits of Miscellaneous Deductions

If you are able to itemize your deductions on your tax return instead of claiming the standard deduction, you may be able to claim certain miscellaneous deductions. A tax deduction reduces the amount of your taxable income and generally reduces the amount of taxes you may have to pay.

Here are some things you should know about miscellaneous tax deductions:

Deductions Subject to the 2% Limit: You can deduct the amount of certain miscellaneous expenses that exceed 2% of your adjusted gross income. Deductions subject to the 2% limit include:

- Unreimbursed employee expenses such as searching for a new job in the same profession, certain work clothes and uniforms, work tools, union dues and work-related travel and transportation.
- Tax preparation fees
- Other expenses that you pay to:
 - Produce or collect taxable income
 - Manage, conserve or maintain property held to produce taxable income, or
 - Determine, contest, pay or claim a refund of any tax

Examples of other expenses include certain investment fees and expenses, some legal fees, hobby expenses that are not more than your hobby income and rental fees for a safe deposit box if it is not used to store jewelry and other personal effects.

Deductions Not Subject to the 2% Limit: The list of deductions not subject to the 2% limit of adjusted gross income includes:

- Casualty and theft losses from income-producing property such as damage or theft of stocks, bonds, gold, silver, vacant lots and works of art.
- Gambling losses up to the amount of gambling winnings
- Impairment-related work expenses of persons with disabilities
- Losses from Ponzi-type investment schemes

Qualified miscellaneous deductions are reported on Schedule A, Itemized Deductions. Keep records of your miscellaneous deductions to make it easier for you to prepare your tax return when the filing season arrives.

There are also many expenses that you cannot deduct such as personal living or family expenses. You can find more information and examples in IRS Publication 529, Miscellaneous Deductions, which is available on IRS.gov or by calling 800-TAX-FORM (800-529-3676).