

THE ULTIMATE LIST OF TAX DEDUCTIONS



333 PERSONAL
AND BUSINESS
TAX DEDUCTIONS
YOU CAN'T AFFORD
TO IGNORE

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Few people enjoy paying taxes, and fewer still want to pay more in taxes than they actually owe. Yet that is exactly what many people end up doing each year when they fail to claim all of the tax deductions they are entitled to and are expected to take advantage of.

People and businesses often miss these tax deductions because they do not even realize the deductions exist. The U.S. Tax Code is notoriously long and complex, and there is no centralized listing of all the available deductions and tax credits.

To rectify this, we have endeavored to create such a list. Tax regulations are constantly changing, and for brevity's sake, there are many specific details that we cannot get into here. However, this list is a good starting place to help you identify what you should be able to deduct, and you can contact our tax preparation professionals to determine how to utilize such deductions.

INDIVIDUAL DEDUCTIONS

Individuals can deduct many expenses from their personal income taxes. Below is a list of deductible expenses, organized by category.

MEDICAL AND DENTAL EXPENSES

You can deduct most expenses relating to medical or dental diagnosis, treatment or prevention as long as those expenses are in excess of 7.5 percent of your adjusted gross income (AGI).

You can deduct the expenses for any of the following procedures, services or health-related items:

1. Abortion.
2. Acupuncture.
3. Alcoholism treatment at an inpatient facility or transportation costs to and from doctor-recommended Alcoholics Anonymous meetings.
4. Ambulance rides.
5. Bandages or similar medical supplies.
6. Birth control medication.
7. Body scans.
8. Braille reading materials. You can deduct the difference between the cost of Braille books or magazines and the cost of non-Braille versions of the same publications.
9. Breast pumps.
10. Breast reconstruction surgery following a mastectomy.
11. Chiropractor visits.
12. Christian Science practitioner visits.
13. Contact lenses.
14. Crutches.
15. Dental services, except for teeth whitening.
16. Dentures.
17. Diabetic supplies.
18. Diagnostic devices.
19. Disabled dependent care.
20. Drug addiction treatment at an inpatient facility.
21. Eye exams.
22. Eyeglasses.
23. Eye surgery to correct defective vision.
24. Fertility procedures or surgeries.
25. Founder's fees used to prepay medical treatment in a nursing home.
26. Guide dogs, including all expenses to feed and care for them.
27. Health institute treatments prescribed by a doctor.
28. Health insurance premiums, including HMOs or Medicare, as long as you pay the premiums yourself. It does not include life insurance or insurance that covers the loss of income due to a medical condition.



29. Hearing aids, including repairs or maintenance (such as new batteries).
30. Hearing-impaired telephone or television equipment, including repairs.
31. Home improvements or renovations designed to accommodate a medical condition. You can deduct the cost of the improvements minus the amount that they increase the home's value. You can also deduct the cost of maintaining those improvements after they are built.
32. Hospital stays.
33. Laboratory fees.
34. Lead-based paint removal, if it is for the benefit of a child with lead poisoning. The application of new paint is not included.
35. Legal fees needed to authorize mental illness treatments.
36. Lodging required for medical care away from home (up to \$50 per person, per night).
37. Long-term care.
38. Meals during any stay at a medical facility.
39. Medical conferences.
40. Nursing homes.
41. Nursing services.
42. Organ donation.
43. Osteopathic care.
44. Oxygen.
45. Physicals.
46. Pregnancy tests.
47. Prescription drugs.
48. Prosthetic limbs.
49. Psychiatric care.
50. Psychoanalysis.
51. Psychologist visits.
52. Special education schooling or tutoring that is recommended by a doctor.
53. Sterilization.
54. Stop-smoking programs, except for over-the-counter medicines.
55. Surgeries, as long as they are not unnecessary cosmetic surgery.
56. Therapy.
57. Transportation that is necessary for medical care. This includes the cost of modifying a vehicle to accommodate a medical condition, or the additional cost of a wheelchair-accessible vehicle over the cost of a regular vehicle. It also includes transportation costs to and from medical treatments, such as public transportation fares, fuel costs, tolls and parking.
58. Vasectomies.
59. Weight-loss programs that are prescribed by a doctor to treat obesity or related diseases. Food expenses are generally not included.
60. Wheelchairs.
61. Wigs that are recommended by a doctor to treat the mental health of someone with disease-related hair loss.
62. X-rays.



“The hardest thing to understand in the world is the income tax.”

Albert Einstein

INVESTMENT EXPENSES

The IRS taxes income, so many of the expenses that are “ordinary and necessary” to create more taxable income are deductible. (Investment expenses related to non-taxable income are not deductible.) These deductions are subject to what is often called the “2 percent limit,” meaning that the expenses are not deductible if they total less than 2 percent of your Adjusted Gross Income (AGI). Any expenses above and beyond that 2 percent limit are deductible.

The following expenses can be deductible if they meet those terms and are used to manage investments:

63. Accounting fees.
64. Amortized bond premiums. The premium needed to buy a bond that produces taxable interest can be deducted on an amortized basis, meaning that part of the premium is deductible each year that you own the bond.
65. Attorney fees.
66. Bank charges for automatic investment services.
67. Clerical help.
68. Dividend reinvestment plan service charges.
69. Income collection fees.
70. Indemnity bond premiums.
71. Investment advisor fees.
72. Investment expenses from pass-through entities. Your share of investment expenses from an S-corporation, real estate mortgage investment conduit or other partnership can be deducted from your personal income taxes.
73. Investment-related interest expenses.
74. Office rent.
75. Safe deposit box rent.
76. Software or online services used to manage investments.
77. Subscriptions to publications that provide investment advice.
78. Trustee’s commissions.



“The only difference between a tax man and a taxidermist is that the taxidermist leaves the skin.”

Mark Twain

MORTGAGE EXPENSES

With just a few exceptions, you usually can deduct all of the cost of borrowing money to own a home (or homes). This includes:

79. Mortgage interest payments.
80. Mortgage points. Points are prepaid interest, and must be amortized, with just a portion of the original prepaid expense being deducted each year of the mortgage.
81. Late charges on mortgage payments.

82. Penalties charged for repaying a mortgage early.
83. Ground rent, as long as it is redeemable and meets certain other qualifications.
84. Cooperative apartment loan interest. A loan used to buy into a cooperative housing corporation is essentially considered a mortgage.
85. Your share of a cooperative housing corporation's deductible mortgage expenses.

EDUCATIONAL EXPENSES

You can usually claim an educational deduction if you or your dependents attend an accredited institution of higher learning. People with higher incomes may not be allowed to deduct as much (or claim the deduction at all). For those who qualify, the deductions include:



86. Tuition and fees. Up to \$4,000 of your tuition and fees expenses can be deducted.
87. Student loan interest. You can deduct up to \$2,500 of interest paid on student loans.

You can also deduct what you spend on work-related education, as long as that education is required for you to keep your current job or it contributes to the skills you need to perform your current job. Such work-related educational expenses include:

88. Tuition.
89. Books.
90. Supplies.
91. Lab fees.
92. Transportation costs of getting from work to school, or between school and home.
93. Lodging, if you have to travel overnight for educational purposes.
94. Meals. You can deduct 50 percent of the cost of meals during such overnight trips.

CHARITABLE DONATIONS

With some limits, you can deduct any contributions to qualified charities or tax-exempt organizations. The following count as deductible contributions:

95. Monetary donations.
96. Donations of property. You can deduct the fair market value of any items you donate.

97. Charitable purchases. If you pay a charitable organization and receive something in return, you can deduct the amount you paid minus the fair market value of what you received.
98. Membership fees. You can likewise deduct the fees or dues required for membership in a charitable organization, minus the value of any membership benefits you receive.
99. Athletic department donations. If you donate money to a college or university, and in exchange earn the right to buy tickets to athletic events, you can deduct 80 percent of the donation.
100. Expenses incurred in donating your time or services to a charity.
101. Student housing expenses. If you serve a charitable organization by letting a student live with you, and the student is not your relative or dependent, you can deduct \$50 per month.



BUSINESS USE OF PERSONAL PROPERTY

If you use your home or car for business purposes, you may be able to deduct some of your living expenses. There are restrictions, but if you use part of your home exclusively as a work office, storage space, or place of business, you can deduct a percentage of your:

102. Repairs.
103. Depreciation.
104. Homeowner's insurance.
105. Rent.
106. Utilities.
107. Cleaning services.
108. Security system monitoring.
109. Second phone line used for business.
110. Long-distance business calls.
111. Computer equipment.
112. Office furniture.

Likewise, if you use your car for business purposes, you can deduct the cost of driving those miles. Commuting between your home and work is not deductible, but driving to meet clients or to get from one work site to another is deductible. In such cases, you can deduct a portion of your:

113. Fuel costs.
114. Oil changes.
115. Tire expenses.
116. Repairs.
117. Tolls.
118. Parking fees.
119. Garage rent.
120. Insurance.

*“For every benefit
you receive a tax is
levied.”*

Ralph Waldo Emerson

121. Registration fees.
122. License fees.
123. Lease payments.
124. Depreciation.
125. Property taxes.
126. Improvements made to the car.
127. Losses due to casualty or theft, if they are not covered by insurance.

BUSINESS TRAVEL AND ENTERTAINMENT EXPENSES

You can deduct your expenses when traveling away from home for work or when entertaining a client or employee. As long as the expenses are ordinary to your line of work and are considered necessary, you can deduct:

128. Plane, train, or bus tickets to and from your destination.
129. Taxi, limousine, or bus fare while at your destination.
130. Car rentals.
131. Equipment rental.
132. Baggage fees.
133. Shipping expenses.
134. Lodging.
135. Meals. You can deduct 50 percent of meal costs when traveling.
136. Dry cleaning or laundry expenses.
137. Telephone expenses.
138. Tips.
139. Passport costs.
140. Cruise ship conferences. You can deduct up to \$2,000 of the cost of attending business conventions or seminars held on cruise ships.
141. Travel by ship. You can deduct the cost of traveling to your destination by ship, and such travel is not part of the \$2,000 cruise ship limit. Instead, there is a daily limit for how much you can deduct for traveling by water.
142. Entertainment expenses. You can generally deduct 50 percent of the cost of entertaining clients, customers, or employees, whether traveling or in your home city.
143. Gifts. You can deduct the cost of gifts given to customers, up to \$25 per recipient.



“The income tax has made liars out of more Americans than golf.”

Will Rogers

OTHER WORK-RELATED EXPENSES

You can deduct other out-of-pocket expenses that are required for your job, subject to the 2 percent limit. Such expenses include:

144. Bad debt of an employee.
145. Car expenses for rural mail carriers.
146. Chamber of commerce dues.
147. College professor research expenses.
148. Damages paid for the breach of an employment contract.
149. Depreciation of computer equipment used for work.
150. Impairment-related expenses that allow a disabled person to perform job duties.
151. Laboratory breakage fees.
152. Legal fees required to do (or keep) your job.
153. Liability insurance.
154. Licensing fees.
155. Malpractice insurance.
156. Medical examinations required by your employer.
157. Occupational taxes.
158. Professional society dues.
159. Regulatory agency fees.
160. Repayment of an income aid payment.
161. Subscriptions to work-related professional journals or magazines.
162. Teaching supplies, if you are an educator.
163. Tools.
164. Work supplies.
165. Uniforms or other special clothing, if it is not suitable for use outside of work.
166. Union dues.



JOB HUNTING EXPENSES

If you are looking for a new job within your current line of work, you can deduct job hunting expenses such as:

167. Employment agency fees.
168. Career counseling.
169. Resume preparation expenses.
170. Mailing expenses.
171. Phone call charges.
172. Travel expenses for job interviews or trips to look for jobs in another city.

MILITARY EXPENSES

If you are a member of the U.S. Armed Forces, you can deduct military-related out-of-pocket expenses such as:

173. Uniform cost and upkeep, if you are not allowed to wear the uniform when off-duty.
174. Travel expenses for reservist duty, if located at least 100 miles from home.
175. Moving expenses due to a permanent change of station.
176. Travel expenses when moving.

PROPERTY OR MONETARY LOSSES

If you have property that is damaged, destroyed, or lost due to some calamity or crime, and the loss is not covered by insurance, you can often deduct the value of the losses. There are limits to how much you can deduct, depending on the situation; these limits function similarly to an insurance deductible.

You can claim a tax deduction for property losses due to:

177. Blackmail.
178. Burglary.
179. Car accidents (if you are not at fault).
180. Cave-ins.
181. Corrosive drywall damage.
182. Disaster area home demolition or relocation.
183. Earthquakes.
184. Embezzlement.
185. Extortion.
186. Financial institution insolvency.
187. Fire (unless you willfully started the fire).
188. Floods.
189. Increased living expenses due to temporary loss of home.
190. Kidnappings.
191. Larceny.
192. Ponzi schemes.
193. Robbery.
194. Shipwrecks.
195. Sonic booms.
196. Storms.
197. Terrorist attacks.
198. Vandalism.
199. Volcanoes.



"I'm spending a year dead for tax reasons."

Douglas Adams

You can also deduct monetary losses due to inherent risk:

- 200. Gambling losses are deductible, as long as they do not exceed your winnings.
- 201. Capital losses on the sale of investments.
- 202. IRA account losses, as long as all of the funds have been distributed.

STATE, LOCAL, AND FOREIGN TAXES

When paying federal income taxes, you can deduct taxes you have paid to other governmental entities. Deductible taxes include:

- 203. Income taxes paid to state, local, or foreign governments.
- 204. Real estate taxes.
- 205. Personal property taxes.
- 206. Sales taxes.
- 207. Motor vehicle taxes.



TAX PREPARATION EXPENSES

You can deduct the cost of preparing and filing your federal income taxes, including:

- 208. Tax preparation software.
- 209. Tax accountant fees.
- 210. Tax publications.
- 211. Electronic filing fees.

OTHER EXPENSES

Various other expenses are deductible, including:

- 212. Administrative fees paid to an IRA trustee.
- 213. Appraisal fees used to determine the value of other deductions.
- 214. Estate taxes on the income of a deceased person can be deducted by the beneficiary of the estate.
- 215. Excess estate deductions. If an estate's deductions exceed its gross income, the beneficiaries of the estate can claim the excess deductions.
- 216. Hobby expenses, as long as they do not exceed the income from hobbies.
- 217. Legal expenses for tax advice related to a divorce.
- 218. Legal expenses used to collect alimony payments.

- 219. Repayments of income from a previous year.
- 220. Repayments of social security benefits.
- 221. Whale hunting expenses, if you are sanctioned by the Alaska Eskimo Whaling Commission as a whaling captain.



STANDARD DEDUCTION

If you choose to not take any of the above deductions, you can claim a standard deduction amount set by the IRS. If your total itemized deductions add up to less than the standard deduction amount, you can save on your taxes by taking the standard deduction instead of listing any itemized deductions.

BUSINESS DEDUCTIONS

Businesses also pay income taxes, and can also deduct expenses. All business expenses that are ordinary and necessary for doing business are deductible and reduce the amount of taxable income.

COST OF GOODS SOLD

Depending on the type of business, there are multiple different expenses that might be included in the cost of goods sold:

- 222. Raw materials costs.
- 223. Finished products costs.
- 224. Transportation costs.
- 225. Utilities costs.
- 226. Supplies costs.
- 227. Labor costs involved in creating the products.

PAYROLL EXPENSES

You can deduct what you pay employees. Deductible forms of pay include:

- 228. Wages.
- 229. Bonuses.
- 230. Benefits.
- 231. Retirement plan contributions.
- 232. Property transfers, such as company stock.
- 233. Sick pay.

“The difference between death and taxes is death doesn’t get worse every time Congress meets.”

Will Rogers

- 234. Vacation pay.
- 235. Reimbursements.
- 236. Expense allowances.
- 237. Employee educational assistance program payments.
- 238. Awards, as long as they meet certain qualifications.

INSURANCE PREMIUMS

You can deduct the insurance premiums for:

- 239. Employee medical insurance.
- 240. Employee life insurance.
- 241. Worker's compensation insurance.
- 242. Vehicle insurance.
- 243. Flood, fire, storm, theft, accident, or other casualty insurance.
- 244. Bad debt or credit insurance.
- 245. Liability insurance.
- 246. Malpractice insurance.
- 247. Overhead insurance that covers business expenses in case of long illness or disability.
- 248. Business interruption insurance that covers lost profits if the business is temporarily shut down (but not due to illness or disability).
- 249. Self-employment health insurance.



INTEREST EXPENSES

Interest or penalties paid on loans that are used for business purposes are usually tax-deductible, including:

- 250. Mortgage interest.
- 251. Prepayment penalties.
- 252. Employment tax interest, which is charged when you owe employment taxes.
- 253. Original issue discounts (OID) are a form of deductible interest.
- 254. Installment purchase interest.

TAXES

Most business taxes can be deducted, including:

- 255. State, local, or foreign income taxes.
- 256. Real estate taxes.
- 257. Employment taxes.
- 258. State unemployment fund taxes.
- 259. Excise taxes.
- 260. Franchise taxes.
- 261. Occupational taxes.
- 262. Personal property taxes, if the personal property is used for business.
- 263. Self-employment taxes.
- 264. Sales taxes. Sales taxes are usually not deducted separately, but are included in the deductible cost of goods sold or the deductible cost of other purchased items.

CAPITAL EXPENSES

Capital expenses, such as the purchase of long-term assets, can generally not be deducted all at once. Instead, such expenses are deducted over a number of years through amortization, depreciation, or depletion. Capital expenses that can thus be deducted over time include:

- 265. Start-up costs.
- 266. Research and experimental costs.
- 267. Investigative costs related to researching the potential purchase of an existing business.
- 268. The cost of organizing a corporation or partnership.
- 269. Lease acquisition costs.
- 270. Reforestation costs.
- 271. Oil and gas exploration costs.
- 272. Pollution control facilities.
- 273. Depletion of mineral properties.
- 274. Land.
- 275. Buildings.
- 276. Machinery.
- 277. Motor vehicles.
- 278. Furniture.
- 279. Improvements.
- 280. Franchise rights.



“There is no such thing as a good tax.”

Winston Churchill

Some long-term assets are intangible. Intangible assets have value that is included in the purchase price of any business you acquire. Intangible assets can also be amortized and deducted over time and may include:

- 281. Goodwill.
- 282. The value of being a going concern.
- 283. The value of having a trained workforce in place.
- 284. Information-based intangibles, such as the value of business records.
- 285. Customer-based intangibles, such as the value of existing customer relationships.
- 286. Supplier-based intangibles, such as favorable relationships with distributors.
- 287. Existing licenses or permits.
- 288. Non-compete agreements.
- 289. Patents.
- 290. Copyrights.
- 291. Trademarks.



OTHER BUSINESS EXPENSES

As mentioned, all business expenses that are ordinary and necessary are tax-deductible. That makes the list of potential business tax deductions very lengthy. Companies are considered legal persons, so many of the personal tax deductions listed earlier can also apply to businesses. The listed personal business expenses, for instance, become business tax deductions if they are paid for by the company itself.

With so many different types of businesses, and so many different business activities, a fully detailed list of business tax deductions could fill volumes. Below is a general list of other business expenses that can be deducted; your tax preparation professional can help you make full use of the business deductions available.

- 292. Accounting fees.
- 293. Advertising.
- 294. Association membership dues.
- 295. Banking fees.
- 296. Bad debt write-offs.
- 297. Car and truck expenses.
- 298. Charitable donations.
- 299. Collection expenses.
- 300. Commissions to non-employees.
- 301. Conventions.
- 302. Credit card convenience fees.
- 303. Gifts to customers.

- 304. Entertainment.
- 305. Franchise fees.
- 306. Fuel.
- 307. Internet service.
- 308. Interview expense allowances.
- 309. Legal fees.
- 310. Lodging.
- 311. Meals.
- 312. Maintenance.
- 313. Moving machinery.
- 314. Office supplies.
- 315. Outplacement services.
- 316. Outsourced services.
- 317. Rent.
- 318. Repairs.
- 319. Parking.
- 320. Penalties and fines.
- 321. Prizes for contests.
- 322. Postage.
- 323. Shipping.
- 324. Software.
- 325. Tax preparation fees.
- 326. Telephone.
- 327. Theft losses.
- 328. Tips.
- 329. Tools.
- 330. Tolls.
- 331. Trade shows.
- 332. Travel.
- 333. Web hosting.



“I’m like tax. You’re going to pay one way or the other. ”

Shaquille O’Neal

CONCLUSION

There are many ways to lower your IRS bill if you know what to look for. However, the list of available tax deductions and credits, and the qualifications for each, are constantly changing.

At [Top Tax Defenders](#), we know tax preparation is a year-round job. Whether you need help estimating your returns or are looking for answers to common IRS questions, we're here to provide quick and accurate tax preparation services, from filings to consultations. With over [27 years of experience](#) working directly with the IRS, we have the industry knowledge and expertise to ensure you get the tax help you want, and the refunds you deserve. Let us put our proven methods to work for you.

To make sure you receive all of the deductions and credits you deserve, [contact the tax experts](#) at Top Tax Defenders, 866-866-1555.

