



10 MISSED TAX DEDUCTIONS/CREDITS

People often overlook great tax-saving opportunities because they simply don't know about them. Or, because tax laws change, it gets hard to keep up with the latest deductions, credits, and exemptions. So, we have highlighted 10 frequently missed tax deductions, tax credits, and tax exemptions.

Hopefully, if you're eligible for some of these tax breaks, you can reduce your tax bill this year.

ENERGY-SAVING HOME IMPROVEMENTS

Making your home more energy-efficient can help you score a tax credit known as the Energy Efficient Home Improvement Credit. Currently, you can a 30% credit up to a certain amount for improvements, such as solar doors and windows. Along with saving money on your tax bill, you can do your part to help the environment by taking advantage.



CHILD AND DEPENDENT CARE COSTS

If you paid for the care of a qualifying child or other dependent so that you and your spouse could work or look for work, you might qualify for the child and dependent care credit. Tax credits are typically better than tax deductions. Whereas deductions reduce your taxable income, credits directly reduce your tax liability.



PET MOVING COSTS

Who knew there were tax breaks for pet owners? Believe it or not, if you're an active-duty member of the armed forces and Fido is moving with you because of a permanent change of station, certain relocation costs could be tax-deductible. For example, if your move meets IRS requirements, you might be able to deduct the cost of shipping your pets.



CHARITABLE TRAVEL COSTS

If you're considering taking a trip to volunteer, you might be able to claim a charitable contribution deduction for travel expenses you had to incur while helping out an organization. But be careful: The IRS makes it clear that there must be "no significant element of personal pleasure, recreation or vacation in the travel." That doesn't mean you can't have fun — but you should be "on duty in a genuine and substantial sense throughout the trip."



STATE AND LOCAL GENERAL SALES TAX

Many filers forget to include state and local general sales tax paid as deductions. Tallying up all the tax you've paid on personal and household items can really add up to savings. However, keep in mind that if you choose to deduct state and local general sales tax, you won't be able to deduct state and local income taxes and vice versa.



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STUDENT LOAN INTEREST

Parents with dependents who have student loan debt can deduct the interest they paid on their child's loans throughout the year. Alternatively, if you are paying off your own student debt, you should receive Form 1098-E from your student loan lender showing how much interest you paid, so you can deduct the qualifying amount on your tax return. Unfortunately, you can only deduct up to \$2,500 of interest each year. And, if your college education paid off in the form of a job with significant income, your deduction might be limited or even eliminated.



GAMBLING LOSS DEDUCTION

Gambling losses and expenses are deductible only to the extent of gambling winnings. So, spending \$100 on lottery tickets isn't deductible — unless you win, and report, at least \$100, too. You can't write off more than the amount you win.

401(K) CONTRIBUTIONS DEDUCTION

The IRS doesn't tax what you divert directly from your paycheck into a traditional 401(k). In 2023, the contribution limit is \$22,500 (\$30,000 if 50 or older). In 2024, those limits rise to \$23,000 (\$30,500 for those 50 and above). These retirement accounts are usually sponsored by employers, although self-employed people can open their own 401(k)s.



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ELECTRIC VEHICLE TAX CREDIT

The nonrefundable EV tax credit ranges from \$3,750 to \$7500 for tax year 2023. Taxpayers can also get a credit of up to \$4,000 for used cars. Eligibility depends on a number of rules, including income, price of the vehicle and whether the car meets IRS manufacturing guidelines for qualified EVs.

SAVER'S CREDIT

The saver's credit runs 10% to 50% of up to \$2,000 (\$4,000 if filing jointly) in contributions to an IRA, 401(k), 403(b) or certain other retirement plans. The percentage depends on your filing status and income.

