

Make the Most of Your TAXES

There are several ways to potentially lower your tax bill when you understand all of the deductions, credits and strategies that are available to you.



✓ Choosing Itemized vs. Standard Deduction

The standard deduction takes one fixed lump sum off your bill. If you incurred several tax write-offs that add up to more than that amount, consider itemizing for the best result.



✓ Open a Health Savings Account (HSA)

Contributions can be deducted from your taxes (even if you don't itemize), plus account withdrawals for medical purposes are tax-free. This account requires a high deductible healthcare plan.



✓ Use Credits for Dependents

The partially-refundable Child Tax Credit puts \$2,000 toward your tax bill for dependents under age 17 up to a certain level of income. If you're a caregiver for a parent or other adult, you can claim a \$500 non-refundable tax credit.



✓ Create an Energy Efficient Home

Any eco-friendly upgrades you made to your home in 2020 could qualify you for a tax credit of up to \$500.

✓ Write Off Student Loan Interest

If you're paying off student loans, you can deduct up to \$2,500 of the interest from your taxes. The CARES Act suspended student loan interest in 2020, but this is still a good credit to use for tax year 2021.



✓ Home Sale Exclusion

Eligible homeowners who sold their primary residence for more than they originally paid won't be taxed on the gain. For example, if you bought your home for \$200,000 and sold it in 2020 for \$400,000, you wouldn't owe tax on the \$200,000 increase. Gains from an investment property on the other hand would be taxed.

Want more ways to save come tax time? Call me for a referral to a trusted tax professional!

