



March 11, 2011

7 Little-known Tax Tips (part 1)

When you file your tax returns this year, you should make sure you get as much of a tax credit as possible or cut down the taxes you owe as much as possible. In order to do that, you need to make sure you take into account all the tax credits you are eligible for.

Here are 7 tax tips to help you maximize your tax credit claims.

1. Claim your Making Work Pay Credit

The Making Work Pay Credit may put as much as an extra \$400 (for single taxpayers) or \$800 (for married taxpayers) into your pocket. The amount you are eligible for depends on your adjusted gross income and reduces following a scale once your income exceeds \$75,000 for single taxpayers and \$150,000 for married ones filing jointly. You can claim your Making Work Pay Credit even if you are self-employed.

2. Claim a tax break for supporting a struggling relative

Did you know you can claim tax breaks for supporting a financially strapped relative? I am not referring to child support. These days, it is

common to have a relative struggling with debt whom you are helping out. You can list this relative as your tax-return dependent. This may result in a deduction of up to \$3,650. But the condition is that you must provide for more than half of the relative's living expenses.

This tax break applies to your child, grandchild, a brother, stepbrother, half-brother, sister, stepsister, half-sister, or a descendent of one of these individuals (such as a niece or nephew); or your son-in-law, daughter-in-law, father, stepfather, father-in-law, mother, stepmother, mother-in-law, brother-in-law, sister-in-law, aunt or uncle. In addition, your relative must be a US citizen, a US resident alien, a US national or a resident of Canada or Mexico.

But suppose you have a relative you are supporting but you don't provide over half of his support. You may share the expenses with other relatives and together provide over half of the support. In this case, you may be able to claim the \$3,650 personal exemption deduction but under the so-called multiple support agreement rules.

To find out more about tax breaks for supporting relatives, call us at (813) 229 7100 for a free consultation.

3. Claim for your expenses in looking for a job

If you looked for a new job in 2010, you may be able to deduct your expenses in doing so under Schedule A of your Form 1040. However, this deductible only applies to new jobs in the same type of work. So if you change occupations, you cannot claim for this deduction.