

## **Tax Deductions That Are Golden**

*Texas Society of CPAs Provide List of Tax Deductible Expenses*

When you overlook tax deductions, you ignore potential savings opportunities. These five golden tax deductions should always be kept in mind when preparing returns.

Interest paid on student loans is deductible as an adjustment to gross income – up to \$2,500 per year for as many years as it takes to repay the loan. But, keep in mind, this deduction is subject to a phase-out depending on your adjusted gross income.

Texas Society of CPAs says that charitable contributions of many kinds may also be deducted as itemized deductions.

Most people know that charitable cash contributions can be deducted, but not everyone understands that you can deduct the non-cash donations, such as used clothing, furniture, and household goods. The deductible amount is based on the item's fair market value.

TSCPA also says that contributions to a traditional IRA might be deductible, depending on your age, total income, and whether you are covered through an employer retirement plan.

Home equity loan interest can also be deducted. The IRS allows you to deduct interest payments up to \$100,000 of home equity loan debt regardless of where/how you use the money.

Also, if you sustained a penalty as the result of an early withdrawal from a certificate of deposit, or other type of time deposit savings account, the amount of the penalty is deductible as an adjustment to gross income. These five golden tax tips should ring true when it comes time to file your 2011 return.