

Lowering Your Tax Bill

Understanding how credits and deductions can affect your tax bill

CREDIT
A DOLLAR-FOR-DOLLAR REDUCTION OF YOUR TAX LIABILITY

COMMON REAL ESTATE TAX CREDITS

- VEHICLE TAX CREDITS
- EDUCATION CREDITS

OTHER CREDITS

- EARNED INCOME TAX CREDIT
- CHILD TAX CREDIT
- CHILD AND DEPENDENT CARE CREDIT
- CREDIT FOR OTHER DEPENDENTS
- PREMIUM TAX CREDIT

YOUR GROSS INCOME
\$50,000

MINUS A \$2,000 DEDUCTION

YOUR TAXABLE INCOME
\$20,000

YOUR (NEW) TAXABLE INCOME
\$18,000

TIMES THE IRS TAX RATE OF 25% (FOR THIS EXAMPLE)

YOUR TAX = LIABILITY OF \$5,000

MINUS A \$2,000 CREDIT

YOUR (NEW) = TAX LIABILITY IS \$3,000

YOUR = TAX LIABILITY IS \$4,500

Difference in taking a credit vs. a deduction

DEDUCTION
REDUCES YOUR TAXABLE INCOME BASE

STANDARD DEDUCTION

FILING STATUS	2024 FIGURES
SINGLE	\$14,600
MARRIED FILING SEP.	\$14,600
MARRIED FILING JTLY.	\$29,200
QUALIFYING SURV. SPOUSE	\$29,200
HEAD OF HOUSEHOLD	\$21,900

OR
whichever is greater

ITEMIZED DEDUCTION

- MEDICAL EXPENSES ABOVE 7.5% AGI
- STATE AND LOCAL TAXES UP TO \$10,000
- MORTGAGE INTEREST
- CHARITABLE CONTRIBUTIONS

OTHER DEDUCTIONS

- QUALIFIED BUSINESS INCOME DEDUCTION
- HOME OFFICE DEDUCTION
- SECTION 179 & BONUS DEPRECIATION DEDUCTION
- EMPLOYER TAX DEDUCTION
- RETIREMENT AND INSURANCE DEDUCTION