



Commonly Overlooked Tax Deductions and Credits

1. Earned Income Tax Credit (EITC)

- A refundable credit for low- to moderate-income workers.
- Many eligible taxpayers miss it because they don't realize they qualify.

2. Saver's Credit (Retirement Savings Contributions Credit)

- Available to low- and moderate-income earners who contribute to an IRA or employer-sponsored retirement plan.
- Can reduce tax liability by up to \$1,000 (\$2,000 for married couples filing jointly).

3. Student Loan Interest Deduction

- Deduct up to \$2,500 in interest paid on student loans.
- Available even if you don't itemize deductions.

4. Educator Expense Deduction

- Teachers and eligible educators can deduct up to \$300 (\$600 if married and both spouses are educators) for classroom supplies purchased out of pocket.

5. State Sales Tax Deduction

- If you live in a state with no income tax, you can deduct state and local sales taxes instead of state income taxes.
- A big benefit for residents of states like Florida, Texas, and Nevada.

6. Medical and Dental Expenses

- You can deduct qualified medical expenses exceeding 7.5% of your adjusted gross income (AGI).
- Includes prescriptions, doctor visits, surgery, dental work, and even some travel costs for medical care.

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7. Child and Dependent Care Credit

- A tax credit for daycare, babysitters, or summer camps for children under 13 or dependent adults.
- Can cover 20-35% of qualifying expenses, up to \$3,000 for one dependent or \$6,000 for two or more.

8. Charitable Contributions (Even if You Don't Itemize)

- If you itemize, you can deduct cash and non-cash donations to qualified charities.
- Even non-itemizers could deduct up to \$300 (\$600 for joint filers) in cash donations in past tax years.

9. Home Office Deduction

- If you're self-employed, you can deduct expenses for a home office used exclusively for business.
- Deduct a portion of rent/mortgage, utilities, and maintenance based on the square footage used for business.

10. Self-Employment Tax Deduction

- Self-employed individuals can deduct 50% of their Social Security and Medicare taxes paid.

11. Moving Expenses for Active-Duty Military

- Active-duty military members can deduct moving expenses if relocating for a permanent change of station.

12. Energy-Efficient Home Improvements

- Energy Efficient Home Improvement Credit covers insulation, windows, heat pumps, and solar panels.
- Claim up to 30% of costs for solar panels, solar water heaters, and wind turbines.

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13. State Tax Refund Deduction

- If you didn't itemize last year, you may not need to report your state tax refund as taxable income.

14. Mortgage Points Deduction

- If you paid points to secure a lower mortgage rate, you might be able to deduct those costs over time or in full.

15. Gambling Losses

- If you report gambling winnings, you can deduct gambling losses up to the amount of winnings (must itemize).

Bonus Tip: Review Past Returns

Many of these deductions and credits can be claimed retroactively by filing an amended return (Form 1040-X) if you missed them in previous years.

