



## **Teachers and others can deduct eligible educator expenses this year — and more next year and beyond**

At back-to-school time, much of the focus is on the students returning to the classroom — and on their parents buying them school supplies, backpacks, clothes, etc., for the new school year. But teachers are also buying school supplies for their classrooms. And in many cases, they don't receive reimbursement. Fortunately, they may be able to deduct some of these expenses on their tax returns. And, beginning next year, eligible educators will have an additional deduction opportunity under the One Big Beautiful Bill Act (OBBBA).

### **The current above-the-line deduction**

Eligible educators can deduct some of their unreimbursed out-of-pocket classroom costs under the educator expense deduction. This is an "above-the-line" deduction, which means you don't have to itemize and it reduces your adjusted gross income (AGI), which has an added benefit: Because AGI-based limits affect a variety of tax breaks, lowering your AGI might help you maximize your tax breaks overall.

To be eligible, taxpayers must be kindergarten through grade 12 teachers, instructors, counselors, principals or aides. Also, they must work at least 900 hours a school year in a school that provides elementary or secondary education as determined under state law.

For 2025, up to \$300 of qualified expenses paid during the year that weren't reimbursed can be deducted. (The deduction limit is \$600 if both taxpayers are eligible

educators who file a joint tax return, but these taxpayers can't deduct more than \$300 each.) The limit is annually indexed for inflation but typically doesn't go up every year.

Examples of qualified expenses include books, classroom supplies, computer equipment (including software), other materials used in the classroom, and professional development courses. For courses in health and physical education, the costs for supplies are qualified expenses only if related to athletics.

### **A new miscellaneous itemized deduction**

The OBBBA makes permanent the Tax Cut and Jobs Act's (TCJA's) suspension of miscellaneous itemized deductions subject to the 2% of AGI floor. This had included unreimbursed employee business expenses such as teachers' out-of-pocket classroom expenses. The suspension had been in place since 2018.

But the OBBBA creates a new miscellaneous itemized deduction for educator expenses. This is in addition to the \$300 above-the-line deduction. And this deduction isn't subject to the 2% of AGI floor or a specific dollar limit. The new deduction is available for eligible expenses incurred after Dec. 31, 2025.

Both who's eligible and what expenses qualify are a little broader for the itemized deduction than for the above-the-line deduction. For example, interscholastic sports administrators and coaches are also eligible. And, for courses in health and physical education, the supplies don't have to be related to athletics.

Keep in mind that you'll have to itemize deductions to claim this new deduction next year. Taxpayers can choose to itemize this and certain other deductions or to take the standard deduction based on their filing status. Itemizing deductions saves tax only when the total is greater than the standard deduction. The OBBBA has made permanent the nearly doubled standard deductions under the TCJA, so fewer taxpayers are benefiting from itemizing.

### **Carefully track expenses**

If you're a teacher or other educator, keep receipts when you pay for eligible expenses and note the date, amount and purpose of each purchase. Have questions about educator deductions or other tax-saving strategies? Please contact us.