

Top Credits/Deductions That May Save You Tax Dollars

Here is a quick list of tax credits and deductions to check out before sending in your tax return so you don't miss any opportunities to save.

- 1) **Earned Income Tax Credit (EITC)** – This credit applies to low-income, employed individuals and families. The credit is based on income and family size, and if the EITC amount exceeds the owed amount, it may result in a refund for those who qualify.
- 2) **Child and Dependent Care Credit** – This credit is for care expenses for children under age 13 or for a disabled spouse or dependent, so that a taxpayer can go to work. It is subject to limitations.
- 3) **Child Tax Credit** – The maximum amount of this credit is \$1,000 for each qualifying child under age 17 and can be used in combination with the Child and Dependent Care Credit.
- 4) **Educator Expense Deduction** – Those who are employed as educators through grade 12 and teach at least 900 hours in a year may receive a deduction for up to \$250 for unreimbursed expenses used for the sake of the children. This deduction is only good until December 31, 2007.
- 5) **Education Credits** – Two credits are available for those who pay higher education costs – the Hope Credit and the Lifetime Learning Credit. The Hope is for payment of the first two years of tuition for eligible students you claim on your tax return, and Lifetime Learning is for all post-secondary education tuition for an unlimited number of years. Taxpayers cannot claim both credits for the same student in one tax year, and the credit can be claimed only on the return declaring the student as a dependent.
- 6) **Medical and Dental Deductions** – Qualified expenses for all of your claimed dependents count toward your eligible deduction. Eligible expenses include insurance premiums, uninsured medical expenses, treatments not covered by insurance, travel for medical care, medically necessary equipment, and more.
- 7) **Retirement Savings Contribution Credit** – For those with qualified retirement savings contributions including traditional IRAs, Roth IRAs, SEPs, or SIMPLE plans, a percentage of contributions may help you save on your taxes. Taxpayers who are at least age 18 at year-end, not a student or claimed on someone else's tax return as a dependent, are eligible for this credit if income is below a specified amount. FYI, you can still contribute to an IRA for 2007 up until April 15, 2008.