

## FEDERAL INCOME TAX AND ITEMIZED DEDUCTIONS

### *Federal Income Tax:*

- Many simply get overwhelmed with the details of the federal income tax, and fail to take full advantage of different ways of reducing their tax. The process is fairly simple:
  1. Start with income;
  2. Reduce that income by certain “above the line” deductions to arrive at Adjusted Gross Income (AGI);
  3. Further reduce that with the standard or itemized deductions to arrive at Taxable Income;
  4. Use the brackets to figure the tax owed; and
  5. Finally, reduce by any available credits.
  6. Knowing that basic process makes it easier to dive into the details of deductions and credits, saving money in the process.

### *List of Itemized Deductions:*

- a. Home Mortgage Interest
- b. Property, State and Local Taxes
- c. Charitable Contributions
- d. Medical Expenses (subject to floor of 10%)
- e. Unreimbursed Business Expenses (subject to floor of 2%)
- f. Certain qualifies Investment Expenses