

5

Amazing Tips For Maximizing Your Tax Deductions



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Are you wary and uncomfortable when it comes to tax calculations?

Do you wish that you could just close your eyes and have someone else work on your taxes for you?

You are not alone!

Getting your taxes right is crucial and crunching those numbers can be overwhelming.

One area where small business owners make mistakes and shoot themselves in the foot is tax deductions.

Tax deduction is a working channel where the government gives incentives to citizens engaging in progressive activities which are essential towards societal developments.

Saving for retirement, investing in charitable donations and buying eco-friendly products that support sustainable environment are examples of some activities citizens are expected to engage in to be qualified for tax deduction.

When you have tax deduction on your total income, your payable tax decreases sporadically and you get to have some extra cash to cover other expenses.

Tax deductions, as wrongly assumed is not only for the rich.

As a matter-of-fact, there exists a teeming abundance of tax deduction even for middle and lower-class families.

The consistent factor that determines tax deductions is whether a taxpayer embraces the standard deduction or decides to itemize their deductions. Either way, maximizing your tax deduction can give that headway to a less financially demanding life.

Below are 5 amazing tips that will help you make the best of your tax deductions for the year.

Tip #1: Make Proper Claim For Charity Donations

Most people drop a coin or two into collectibles positioned in public place. Others extend their hands of love through gift items such as clothing, stationery, and household equipment.

These acts are humane and highly encouraged, sadly however, they are near inconsequential in claiming your next tax deduction, this is because they go unnoticed as there is no proper documentation.

Charity donation is what a lot of people fail to claim or wrongly claim. In order to claim tax deduction from charity, you must have consciously donated to a recognized charity organization and document the process.

Here are a few things you must do to ensure your donations become tax-deductible.

- Choose carefully when making a donation

You've read that not all charitable donations count if you're aiming for a tax deduction. The organization you're donating to must be an accredited one.

To verify accreditation, you can request the organisation's letter from the Internal Revenue Service. You may also run a check on IRS Exempt Organization Check Tool to be double sure if your Organization of choice is qualified.

This is a very important factor to qualify you for tax-deductible. Without it, your charitable donations end as acts of goodwill and nothing more.

- Get a receipt.

A receipt stands as your evidence of donation. Cash donation, small or large must be substantiated by a bank record. It must contain the date of your donation, time, amount and acknowledgement by the charity organization.

As best practice, asking for the receipt of donation is a healthy habit. It doesn't necessarily need to be included when opting for a tax deduction, it might however be required in the case of a tax audit.

- Do not ignore the calendar

If you are giving out a donation this year, donations can only attract tax deductible for that particular year.

To make it valid for the next year, you must have donated on the last day of the year. Taking cognizance of the time of donation is important in maximizing tax deduction through charity donations.

Tip #2: Note Viable Car and Travel Expenses

Claiming tax deduction from car and travel can be demanding yet rewarding. Demanding in that, claiming deductions that are illegitimate even out of ignorance can land you in legal trouble.

That is why it is important that what you're claiming as tax deductible is in fact tax deductible.

Cars and travel expenses can save you a lot of money, and that is why you need to understand how this form of tax deduction works.

Depreciating the value of your vehicle if it commutes you to work regularly is a portent way of maximizing your tax deductible.

You may also claim deductions on cost of running your car such as expenses on fuel, oil and servicing. Vehicle registration and insurance also align you for a proper tax deduction.

You should note however, that the initial purchase of your car as well as parking tickets expenses do not qualify you for tax deduction.

Tip #3: Claims From Work Related Expenses Are Allowed

A lot of spending is often involved at your workplace. From items needed to perform your job such as work tools, to items needed for self-protection such as gloves and sunglasses for jobs done in open workspaces.

Specific industries have work related tax-deductible claims, but as long as the expenses made was geared towards performing your job, you are eligible for a tax deduction.

Here are other work-related expenses that qualifies you for a tax deduction:

- Items used solely for work purpose.

If you have a laptop computer, digital camera or any other thing you use at work and for work only, you can get tax deduction from them.

If, you however, blend personal use with work, the value derived for work purposes is what will be useful in calculating your tax deduction.

- Self-Education Expenses

For courses and certifications that are directly related to your job and enhance your productivity, a tax deduction can be claimed. This includes certifications that may help you improve professionally or academically.

Running a check on the guidelines and tax deductions available for different professions can help you maximize tax deduction arising from work related expenses.

Tip #4: Tax deduction Is Applicable If You Working from Home

Are you working from home and wondering how you can benefit from tax deduction? Work related expenses tax deduction scheme also has provisions for those working from home, whether full time or part time.

Receipts of your various work-related transactions might be required to qualify you for tax deduction.

You can claim deductions from expenditure incurred from cleaning office space, purchase and maintenance of office furniture, lightning, Internet bills and business phone calls.

Occupancy expenses such as rent, insurance and mortgage can also help you acquire tax deduction if you work strictly from home.

Tip #5: Health insurance Premium Also Qualify For Tax-Deductions

You can maximize tax deduction through health insurance.

Deductible medical expenses have to exceed 7.5% of your adjusted gross income to be qualified.

However, if you're self-employed and basically responsible for your own health insurance coverage, you can claim 100% of your premium cost.

Understanding what tax deductions you qualify for, will help reduce your tax payment, and possibly even result in a refund.

Consulting with a professional will take the guess work off your shoulders and get you the best tax deal possible.

At [Intuitive Risk Management](https://www.intuitiveriskmanagement.com/), we stand by you and work with you to ensure that all your books are in top shape leaving you with nothing to worry about.



Do you know that if you have been wrongly taxed, you can actually file for a refund?

So, what are you waiting for?

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