

Six Facts about Choosing the Standard or Itemized Deductions

When filing your federal income tax return, taxpayers can choose to either take the standard deduction or to itemize their deductions. The IRS has put together the following six facts to help you choose the method that gives you the lowest tax.

Whether to itemize deductions on your tax return depends on how much you spent on certain expenses last year. Money paid for medical care, mortgage interest, taxes, charitable contributions, casualty losses and miscellaneous deductions can reduce your taxes. If the total amount spent on those categories is more than your standard deduction, you can usually benefit by itemizing.

1. Standard deduction amounts are based on your filing status and are subject to inflation adjustments each year. For 2010, they are:

Single \$5,700

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Married Filing Jointly \$11,400

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Head of Household \$8,400

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Married Filing Separately \$5,700

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Qualifying Widow(er) \$11,400

2. Some taxpayers have different standard deductions The standard deduction amount depends on your filing status, whether you are 65 or older or blind and whether an exemption can be claimed for you by another taxpayer. If any of these apply, you must use the Standard Deduction Worksheet on the back of Form 1040EZ, or in the 1040A or 1040 instructions. The standard deduction amount also depends on whether you plan to claim the additional standard deduction for a loss from a disaster declared a federal disaster or state or local sales or excise tax you paid in 2010 on a new vehicle you bought before 2010. You must file Schedule L, Standard Deduction for Certain Filers to claim these additional amounts.

3. Limited itemized deductions Your itemized deductions are no longer limited because of your adjusted gross income.

4. Married Filing Separately When a married couple files separate returns and one spouse itemizes deductions, the other spouse cannot claim the standard deduction and therefore must itemize to claim their allowable deductions.

5. Some taxpayers are not eligible for the standard deduction They include nonresident aliens, dual-status aliens and individuals who file returns for periods of less than 12 months due to a change in accounting periods.

6. Forms to use The standard deduction can be taken on Forms 1040, 1040A or 1040EZ. If you qualify for the higher standard deduction for new motor vehicle taxes or a net disaster loss, you must attach Schedule L. To itemize your deductions, use Form 1040, U.S. Individual Income Tax Return, and Schedule A, Itemized Deductions. These forms and instructions may be downloaded from the IRS website at <http://www.irs.gov> or ordered by calling 800-TAX-FORM (800-829-3676).