

Index

- ABLE accounts:
- disability-related expenses and, 28
 - educational costs and, 104
 - housing costs and, 145
 - medical expenses and, 61–63
- Accelerated death benefits, 68–70, 353–354
- chronically ill, limits for, 69
- Achieving a Better Life Experience (ABLE)
- accounts. *See* ABLE accounts
- Adjusted gross income (AGI). *See also* Modified adjusted gross income (MAGI)
- car and, 220, 221
 - donations and, 183, 184, 186, 188
 - education and, 84, 86, 103
 - earned income credit and, 13–14
 - IRA and, 151, 157, 179
 - miscellaneous itemized deduction, 178, 217
 - mortgage insurance and, 124
 - retirement saver's credit and, 176
- Adoption costs, 20–23
- examples of, 21
 - expenses, qualified, 21
 - foreign child, 22
 - modified adjusted gross income limit, 21
 - U.S. citizen/resident child, 22
- AFR. *See* Applicable federal rate
- Agriculture. *See* Farming-related breaks
- Alimony, 26–28
- cash payments, 27
 - living apart, 27
 - payable under a court decree, 27
 - payment responsibility ends on death, 27–28
- Alternative minimum tax (AMT), 441–442
- phaseout thresholds for AMT exemption, 2016, 442
- American opportunity credit, 78–82
- costs, qualified higher education, 79
 - educational institution, eligible, 79
 - first 4 years of higher education, 78
 - MAGI limit, 80
 - student, eligible, 78–79
- AMT. *See* Alternative minimum tax (AMT)
- Applicable federal rate (AFR), 331
- Appraisal fees and other costs:
- charitable donations and, 206–207
 - insurance and catastrophes, 354–355
- Appreciated property donations, 188–193
- election to change AGI limit, 190–191
 - holding period, 189
 - IRS appraisal, 191
 - overvaluations, penalty for, 191–192
 - property that has declined in value, 192
 - property that is not ordinary income property, 189
 - substantiation requirements, 190
 - tangible property used in the charity exempt purpose, 189
- Archer Medical Savings Accounts (MSAs), 58–61
- death and, 61
 - self-employed individuals and small employers, 58

458 INDEX

- Audits. *See* Tax audits
Automobiles. *See* Car(s)
Awards. *See* Tax audits, 371–372
- Bad debts, 332–337
debtor-creditor relationship, 333–334
loan from after-tax income or capital, 334
valid debt, 333
worthlessness, 334–336
- Bank deposits, loss on, 227–230
bad debt, 228
casualty loss, 228–229
ordinary loss, 229
- Bargain sales, 198–199
- Bonds:
interest on purchases, accrued, 329–330
municipal, 249–250
premium, amortization of, 247–248
savings, 250–252
- Borrowing and interest. *See also* Mortgage(s)
bad debts, 332–337
bond purchases and, 329–330
business interest, 328–329
debt forgiveness, 337–338
home mortgage interest, 325–326
investment-related interest, 328
loans, below-market, 330–332
retirement plans and, 326–327
student loan interest, 326
- Business, 389–417
about, 389–390
business credits, 413–415
domestic production activities deduction,
409–411
equipment purchases, 392–397
farming-related breaks, 407–409
gifts, 402–404
hobby losses, 404–406
home office deductions, 407
net operating losses, 415–417
nondeductible expenses, examples of,
413
other business deductions, 411–413
reasonable payments to employees, 399
self-employment tax deduction, 406–407
services, payment for, 397–400
start-up costs, 390–392
supplies, 400–402
travel (*see* Business travel)
worker classification, 398
- Business credits, 413–415
Business interest, 328–329
Business travel, 261–267
expenses, examples of, 262–263
local overnight stays, 263
maximum federal per diem rate, 265
part-business trips abroad, 264–265
part-business trips within the United States, 263
per diem rates, 265
- Business use of personal car, 210–215
depreciation, 211–212
dollar limit, 212–213
employee, 214–215
self-employed person, 215
standard mileage rate, 210–211
substantiation, 213
- Cancellation of debt (COD), 337–338
Capital gains and qualified dividends, 234–235
Capital losses, 231–234
inherited property, 233
pitfalls, other, 232
wash sale rule, 232–233
- Car accidents and other car-related expenses,
219–222
\$100 floor, applying, 221
casualty event, 220
loss, establishing amount of, 220–221
10% of AGI floor, 221
- Carryback and carryforward periods, net operating
losses (NOLs), 416
- Car(s), 209–224
accidents (*see* Car accidents and other
car-related expenses)
business use of personal (*see* Business use of
personal car)
depreciation, 211–212
dollar limit, 212–213
donating, 193–195, 222
electric drive vehicles, credit for, 222–224
employee, 214–215
employer-provided, 215–218
self-employed person, 215
standard mileage rate, 210–211
substantiation, 213–214
vehicle registration fee, 218–219
- Cash donations, 183–188
AGI limit, 184–185
AGI planning, 186
carryover, expiration of, 187
charity, qualified, 184
deductible contributions, 185
organizations, nonqualified, 187
substantiation, 185
timing issues, 186
- Casualty and theft losses, 340–345
\$100 limit, 343
10% of AGI limit, 343
casualty event, 341
insurance reimbursements, 342
proof of, 341–342
theft event, 341
- Catastrophes. *See* Insurance and catastrophes
C corporations, 399, 406

- CD. *See* Certificate of deposit
- Certificate of deposit (CD), penalty on early withdrawal of savings, 226–227
- Charitable giving, 182–208
- about, 182–183
 - appraisal fees and other costs, 206–207
 - appreciated property donation, 188–193
 - bargain sales, 198–199
 - car donations, 193–195
 - cash donations, 183–188
 - clothing donations, used, 193–195
 - donor-advised funds, 205–206
 - intellectual property donations, 195–196
 - IRA transfers to charity, 180, 207–208
 - membership fees to nonprofit organizations, 203–204
 - real estate donated for conservation purposes, 196–198
 - recordkeeping for, 208
 - student exchange program, 204–205
 - tickets to fund-raisers, raffles, and sporting events, 201–203
 - volunteer expenses, 200–201
- Charitable travel, 274–275
- CHC. *See* Cooperative housing corporation
- Child support, 24–26
- Child tax credit, 10–12
- children, qualifying, 10
 - modified adjusted gross income limit, 10–11
 - refundable, 11
- Chinese drywall, damage from, 355–358
- Clothing donations, 193–195
- Club dues, entertainment facilities and, 294–296
- COBRA coverage, 63–65
- health coverage tax credit, 35
 - Medicare Part B and, 47
 - opting out for, 52
 - premium tax credit, 31
 - as qualifying health insurance, 36
 - second COBRA election period, 64
 - tax-free withdrawals and, 55
- COD. *See* Cancellation of debt (COD)
- Commercial facilities, capital improvements to, 323–324
- Company holidays and picnics, 288–289
- Computer, used for investments, 244–245
- Conservation easements, 324
- Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA). *See* COBRA coverage
- Continental United States (CONUS), 265
- Continuing care facilities, 67–68
- Conventions, 270–272
- on cruise ships, 271–272
 - equipment purchases and, 396
 - foreign, 270–271
 - North American area for convention deduction, 271
- Cooperative housing corporation (CHC), 130–131
- Corrosive drywall, damage from, 355–358
- Coverdell education savings accounts (ESAs), 95–100
- beneficiary, eligible, 95–96
 - cash contributions, 96
 - elementary and secondary school expenses, 97
 - expenses, eligible, 96–97
 - higher education expenses, 97
 - MAGI for contributors, 96
- Credits:
- American opportunity (*see* American opportunity credit)
 - business, 413–415
 - child tax, 10–12
 - dependent care expenses (*see* Dependent care expenses)
 - earned income (*see* Earned income credit)
 - electric drive vehicles, 222–224
 - health care coverage, 35–37
 - lifetime learning, 82–83
 - low-income housing, 318–319
 - mortgage interest tax, 113–115
 - rehabilitation, 319–320
 - retirement saver's, 175–178
- Custodial/trustee fees, for retirement savings, 178–179
- Damage from corrosive drywall, 355–358
- Damages, 349–351
- Death benefits, accelerated. *See* Accelerated death benefits
- Debt:
- bad (*see* Bad debts)
 - cancellation of mortgage, 126–127
 - debtor-creditor relationship, 333–334
 - forgiveness, 337–338
 - loan from after-tax income or capital, 334
 - secured by home, 11
 - valid, 333
 - worthlessness, 334–336
- Decedents:
- estate tax deduction on income in respect of, 435–437
 - final illness, 70–71
 - nondeductible expenses, examples of, 71
- Dental services, 39–40
- Dependency exemption, 5–7
- children, qualifying, 5
 - citizenship or residency test, 7
 - gross income test, 6
 - joint return test, 7
 - modified support test, 5–6
 - relationship or member of household test, 6
 - support items, examples of, 7
 - support test, 6–7

460 INDEX

- Dependent care expenses, 15–20
 credit percentage based on adjusted gross income, 18
 examples of qualifying, 17
 expenses on behalf of a qualifying dependent, 16
 expenses to earn income, 16
 household expenses payment, 16
 information about the dependent care provider, 17–18
 joint return, 17
 qualifying expenses in excess of employer reimbursements, 17
- Designated Roth accounts, 157, 159, 164–166
- Disability coverage, 351–353
- Disaster losses, 345–347
 disaster areas, 346
 time limits, 346
- Disaster relief payments, 348–349
- Disaster victims, special breaks for certain, 324
- Discounts, 437–438
- Domestic production activities deduction, 409–411
 adjusted gross income limit, 410
 qualified domestic activity, 409–410
 W-2 limit, 410
- Donor-advised funds, 205–206
- Drywall, damage from corrosive, 355–358
- Dues to unions and professional associations, 360–361
 deductible payments, examples of, 360
- Earned income credit, 12–15
 adjusted gross income, 13–14
 children, qualifying, 13
 earned income, 13
 joint return, 14
- Educational travel, 105, 275–277
 costs, examples of, 276
- Education costs, 73–107
 ABLE accounts and, 104
 about, 73–74
 American opportunity credit, 78–82
 Coverdell education savings accounts, 95–100
 employer-paid courses, 74–76
 FAFSA submissions, 74
 government reimbursements, 107
 IRAs, penalty-free withdrawals from, 107
 job-related education, 84–87
 lifetime learning credit, 82–83
 qualified tuition programs (529 plans), 100–104
 scholarships, fellowships, and grants, 76–77
 seminars, 104
 student loan, interest on, 89–92
 student loan cancellation, 105–107
 travel, educational, 105
 tuition and fees deduction, 87–89
 U.S. savings bonds, interest on, 92–95
- Education savings accounts (ESAs). *See* Coverdell education savings accounts (ESAs)
- Educator expenses, 369–370
- Electric drive vehicles, tax credit for, 222–224
- Electronic Deposit Insurance Estimator (EDIE), 230
- Employee Retirement Income Security Act (ERISA) of 1974, 170
- Employees. *See also* Employer; Job
 business use of personal car, 214–215
 performance of work, 399
 reasonable payments, 399
 timeliness of payment to, 399
 worker classification, 398
- Employer. *See also* Employees; Job
 car provided by, 215–218
 courses paid by, 74–76
 health insurance provided by, 30–31
 jury duty pay turned over to, 376–377
 retirement planning advice paid by, 179–180
 small (*see* Small employers)
- Empowerment zone (EZ):
 assets, gain on, 254–256
 exclusion of gain from DC zone assets, 255
 rollover of gain from, 255
- Energy-efficient commercial buildings, deduction for, 321–322
- Energy improvements, 142–145
 about, 132–143
 eligible items, 143
 energy improvements, 143
 limitations, 143–144
 solar power and fuel cells, 144
- Entertainment. *See also* Meals and entertainment, 282–299
 company holiday parties and picnics, 288–289
 gambling losses, 296–299
 home entertainment, 293–294
 recordkeeping for, 296
 sporting and theater events, 289–292
- Entertainment facilities and club dues, 294–296
- Equipment and supplies, medical, 40–41
- Equipment purchases, 392–397
 commercial space, certain improvements to, 394
 conventions, 396
 election, 394
 examples of, 393
 qualified expenses, 394
 taxable income, 394
- ERISA. *See* Employee Retirement Income Security Act (ERISA) of 1974
- ESAs. *See* Coverdell education savings accounts (ESAs)
- Estate tax deduction on income in respect of a decedent, 435–437
- Exemptions:
 dependency, 5–7
 personal, 2–4
- Expenses. *See* Medical expenses; specific expenses
- EZ. *See* Empowerment zone (EZ)

- FAFSA submissions, 74
- Family and self, 1–28
 - ABLE accounts, 28
 - about, 1
 - adoption costs, 20–23
 - alimony, 26–28
 - child support, 24–26
 - child tax credit, 10–12
 - dependency exemption, 4–9
 - dependent care expenses, 15–20
 - earned income credit, 12–15
 - foster care, 23–24
 - marital status, 2
 - personal exemption, 2–4
- Farming-related breaks, 407–409
 - deductions, examples of, 407–408
- FBAR. *See* Report of Foreign Bank and Financial Accounts
- FDIC. *See* Federal Deposit Insurance Corporation
- FECA. *See* Federal Employee's Compensation Act (FECA)
- Federal Deposit Insurance Corporation (FDIC), 227, 228, 230
- Federal Emergency Management Agency (FEMA), 346, 348
- Federal Employee's Compensation Act (FECA), 439
- Federal taxes, 422
- Fellowships, 76–77
- FEMA. *See* Federal Emergency Management Agency (FEMA)
- FICA. *See* Social Security and Medicare (FICA) taxes
- Financial advice, fees for, 246–247
- 529 plans (tuition programs), 100–104
- Flexible spending arrangements (FSAs), for health care, 49–52
- Foreign taxes on investments, 256–258
- Foster care, 23–24
- 401(k) and similar plans:
 - borrowing from, 326–328
 - elective deferral limits, 165–166
- Frequent flier miles, 279–280
- Fringe benefits, 380–384
 - in 2016, 381
 - benefits exempt from Social Security and Medicare (FICA) taxes, 384
- FSAs. *See* Flexible spending arrangements (FSAs), for health care
- Fuel cells, 144
- Fundraisers, 201–203
 - school athletic events, special limit for, 202
- Gambling losses, 296–299
- Gifts, 402–404
 - business, 402–404
 - dollar limit, 402–403
 - received by you, 430–432
 - substantiation requirements, 403
- Government benefits, 438–441
 - income threshold for the excludable portion
 - Social Security benefits, 440
 - taxable government benefits, examples of, 441
 - tax-free government benefits, examples of, 439–440
- Government reimbursements, of education costs, 107
- Grants, 76–77
- Health coverage tax credit, 35–37
 - eligible individual, 35–36
 - examples of qualifying health insurance, 36
 - qualifying health insurance, 36
- Health insurance. *See also* Insurance and catastrophes; Medical expenses
 - accelerated death benefits, 68–70, 353–354
 - COBRA coverage, 62–65
 - damages, 349–351
 - disability coverage, 351–353
 - disaster losses, 345–347
 - disaster relief payments, 348–349
 - drywall, damage from corrosive, 355–358
 - employer-provided, 30–31
 - expenses, qualified, 41
 - flexible spending arrangements, 49–52
 - long-term coverage, 47–49
 - premium tax credit, 31–35
 - self-employment deduction, 46–47
- Health reimbursement arrangements, 52–53
- Health Savings Accounts (HSAs), 53–61
 - about, 53–54
 - Archer Medical Savings Accounts (MSAs), 58–61
 - cancer screening, 55–56
 - health insurance, qualifying high-deductible, 54–55
 - heart and vascular diseases screening, 56
 - infectious disease screening, 56
 - Medicare, 54
 - mental health conditions, 56
 - metabolic, nutritional, and endocrine conditions screening, 56
 - musculoskeletal disorders screening, 57
 - obstetric and gynecological conditions screening, 57
 - pediatric conditions screening, 57
 - substance abuse screening, 56
 - vision and hearing disorders screening, 57
- High-low substantiation rate, 265
- Hobby losses, 404–406
- Home. *See also* Home office; Mortgage(s); Vacation home
 - ABLE accounts and, 145
 - about, 108–109
 - cooperative housing, 130–131
 - energy improvements, 142–145
 - home equity loans, 115–116
 - home sale exclusion, 133–138

462 INDEXHome (*Continued*)

IRA withdrawals for home-buying expenses,
127–128

late payment penalties, 122–124

medical-related improvements, 41

minister's housing allowance, 131–133

mortgage debt, cancellation of, 126–127

mortgage insurance, 124–125

mortgage interest tax credit, 113–115

mortgages, 109–112

moving expenses, 138–142

points, 117–119

prepayment penalties, 121–122

real estate taxes, 128–130

refinancing, 119–121

reverse mortgages, 125

Home computer, used for investments, 244–245

Home entertainment, 293–294

Home equity loans, 115–116

Home mortgage interest, 325–326

Home office, 306–312. *See also* Home; Mortgage(s);

Timeshares

deduction, 370–371, 407

employer, convenience of, 310

exclusive use test, 309

gross income limitation, 309–310

job deduction, 370–371

place to meet or deal with customers, 308

principal place of business, 308

real estate and, 306–312

separate structure, 308–309

Home sale exclusion, 133–138

capital improvements, 136–137

main home, 134–135

ownership test, 135

partial exclusion, 135–136

use test, 135

HSAs. *See* Health Savings Accounts (HSAs)

Identity theft:

about, 356

tax relief and, 356

Impairment-related expenses, 377–378

examples of, 378

Incentive stock options, exercise of, 258–259

Income earned abroad, 384–388

foreign earned income, 384–385

Income in respect of a decedent (IRD), 435–437

Income taxes:

refunds, 422–424

state and local, 418–420

Individual retirement accounts (IRAs), 147–154.

See also 401(k) and similar plans; Roth IRAs

account losses, 154

under age 70½, 148–149

borrowing limitations, 154

cash contributions, 149

charity, transfers to, 180, 207–208

earned income and, 148

limitations, investment, 153–154

MyRAs, 162–164

penalties, early distribution, 151

penalty, excess contributions, 151–152

penalty, for insufficient withdrawals, 152–153

penalty-free withdrawals from, 107, 127–128

rollovers, 160–162

Roth, 155–160

self-employment retirement plans, 166–170

SEPs (simplified employee pensions),

170–172

Inflation, items adjusted annually for, 369

Inheritances, 432–434

capital losses and, 233

Insurance and catastrophes, 339–356. *See also*

Health insurance

about, 339

accelerated death benefits, 353–354

appraisal fees, 354–355

casualty and theft losses, 340–345

damage from corrosive drywall, 355–358

damages, 349–351

disability coverage, 351–353

disaster losses, 345–347

disaster relief payments, 348–349

identity theft, 356

legal fees, 354

Intellectual property donations, 195–196

Interest. *See* Borrowing and interest

Investing, 225–260

about, 225–226

bank deposits, loss on, 227–230

bond premium, amortization of, 247–248

capital gains and qualified dividends, 234–235

capital losses, 231–234

empowerment zone assets, gain on, 254–256

financial advice, fees for, 246–247

foreign taxes on investments, 256–258

home computers and tablets used for, 244–245

incentive stock options, exercise of, 258–259

margin interest and other investment-related

borrowing, 240–242

municipal bonds, 249–250

Ponzi schemes, losses from, 259

safe-deposit box rental fee, 242–243

savings, penalty on early withdrawal of,

226–227

savings bonds, 250–252

Section 1244 stock, loss on, 238–239

securities, worthless, 235–238

small business stock, gain on sale of, 252–254

subscriptions to investment newsletters and

online services, 243–244

Investment-related interest, 328

IRAs. *See* Individual retirement accounts (IRAs)

IRD. *See* Income in respect of a decedent (IRD)

IRS. *See* Internal Revenue Service (IRS)

- Job. 357–388. *See also* Employees; Employer;
Job-related education
about, 357–358
dues to unions and professional associations,
360–361
educator expenses, 369–370
expenses, miscellaneous, 367–369
fringe benefits, 380–384
home office deduction, 370–371
impairment-related expenses, 377–378
income earned abroad, 384–388
job-hunting expenses, 358–359
military benefits, 378–380
moving for, 275
performing artists, 372–374
prizes and awards, 371–372
state benefit programs, contributions to, 380
state/local government officials paid on a fee
basis, 374–375
subscriptions to professional journals and
newsletters, 364–365
supplemental unemployment benefits,
repayment of, 375–376
work clothes and uniforms, 361–364
work tools and equipment, 365–367
- Job-hunting expenses, 358–359
examples of, 359
- Job-related education. *See also* Job
deductible courses, examples of, 85
education expenses, eligible, 85
employed or self-employed, 84
expenses, qualified, 86
maintain/improve skills required by employer or
by law, 85
minimum job requirements, 84–85
nondeductible courses, examples of, 85–86
not a new line of work, 85
- Job-related expenses, miscellaneous, 367–369
examples of deductible, 367–368
- Jury duty, pay turned over to employer, 376–377
- Late payment penalties, mortgages, 122–124
- Leasehold improvements, 323–324
- Legal fees, 427–430
deductible fees, examples of, 428
insurance and catastrophes, 354
nondeductible fees, examples of, 429
- Legislation:
Consolidated Omnibus Budget Reconciliation
Act of 1986 (COBRA), 35, 36, 47, 52, 55, 63–65
Employee Retirement Income Security Act
(ERISA) OF 1974, 170
Foreign Account Tax Compliance Act (FATCA),
257
- Life insurance proceeds, 434–435
- Lifetime learning credit, 82–83
higher education, 83
student, eligible, 83
- Loans. *See also* Mortgage(s); Student loans
below-market, 330–332
from retirement plans, 180
- Local taxes, income, 418–420
- Long-term care coverage, 47–49
deduction, conditions for, 48
exclusion, conditions for, 48–49
- Low-income housing credit, 318–319
low-income housing building, 318
- M&IE. *See* Maximum federal allowance for lodging
and for meals and incidental expenses (M&IE)
- MAGI. *See* Modified adjusted gross income
- Margin interest and other investment-related
borrowing, 240–242
borrowing for investment purposes, 240
net investment income, 240–241
- Marital status, 2
- Maximum federal allowance for lodging and for
meals and incidental expenses (M&IE), 285
- MCC. *See* Qualified credit certificate (MCC)
- Meals and entertainment, 283–288. *See also*
Entertainment
“associated with” test, 284
company holiday parties and picnics, 288–289
directly related test, 283–284
entertainment facilities and club dues, 294–296
fifty percent limitation, 286–287
gambling losses, 296–299
high-low substantiation rate, 265
home entertainment, 293–294
lavish and extravagant, 287
meal allowance, standard, 285–286
meals away from home, 285
per diem rate, maximum federal, 265
recordkeeping for, 296
sporting and theater events, 289–292
- Medical expenses, 29–72. *See also* Health insurance
ABLE accounts and, 61–63
accelerated death benefits, 68–70
COBRA coverage, 63–65
continuing care facilities and nursing home,
67–68
decedent’s final illness, 70–71
employer-provided health insurance, 30–31
flexible spending arrangements (FSAs) for
health care, 4–52
health coverage tax credit, 35–37
health reimbursement arrangements, 52–53
Health Savings Accounts (HSAs), 53–61
itemized, 38–46
long-term care coverage, 47–49
medical insurance rebates, 71–72
Medicare, 65–67
premium tax credit, 31–35
rebates, medical insurance, 71–72
recordkeeping, 45–46
self-employed health insurance deduction, 46–47

464 INDEX

- Medical insurance rebates, 71–72
- Medical savings accounts (MSAs). *See* Archer Medical Savings Accounts
- Medical travel, 272–274
costs, examples of, 273
- Medicare:
fringe benefits and, 384
Health Savings Accounts (HSAs) and, 54
medical expenses and, 65–67
- Medicine and drugs, 41–42
- Membership fees to nonprofit organizations, 203–204
- Military benefits, 378–380
tax-free benefits, examples of, 379–380
- Military reservist travel, 275
- Minister's housing allowance, 131–133
- Modified adjusted gross income (MAGI):
American opportunity credit and, 80
retirement saver's credit limit, 177
ROTH IRAs limit, 155–156
savings bonds, interest limit, 93–94
student loan interest, 91
tuition and fees deduction limit, 88
- Mortgage interest tax credit, 113–115
qualified home, 114
qualified mortgage credit certificate, 113
- Mortgage(s), 109–119. *See also* Borrowing and interest; Home; Home mortgage interest; Home office; Loans
acquisition indebtedness, 110
credit certificate, qualified, 113
debt, cancellation of, 126–127
debt, secured by home, 111
distressed homeowners, 112
insurance, 124–125
late payment penalties, 122–124
mortgage interest tax credit, 113–115
personal liability, 111
prepayment penalties, 121–122
reverse, 125
two-residence limit, 111
- Moving expenses, 138–142
deductible, 138
distance test, 139–140
nondeductible, 142
relocation of job or business, 275
time test, 140–141
- MSAs. *See* Archer Medical Savings Accounts (MSAs)
- Municipal bonds, 249–250
state income tax treatment of municipal bond interest, 250
- MyRAs, 162–164
having a job, 162–163
income limits, 163
- National Guard and military reservist travel, 278
- Net operating losses (NOLs), 415–417
carryback and carryforward periods, 416
- Nonprofit organizations, membership fees to, 203–204
- Nursing homes, 67–68
- Performing artists, 372–374
special rule for married individuals, 373
- Personal exemption, 2–4
- Points, 117–119
deductibility, immediate, 117
deductibility, over the term of the loan, 118
- Ponzi schemes, losses from, 259–260
- Premium tax credit, health care coverage, 31–35
application for credit, 32
coverage through an exchange, 32
household income limits, 32
information returns, 33–34
unaffordable employer coverage, 32–33
- Prepayment penalties, mortgages, 121–122
- Prizes, 371–372
- Production activities deduction, domestic, 409–411
- Professional associations, dues to, 360–361
- Professional services, medical, 39
- Programs and treatments, medical, 42–43
- Qualified charitable distributions (QCFs), 447
- Qualified credit certificate (MCC), 113
- Qualified tuition programs (QTPs). *See* 529 plans
- Raffles, 201–203
- Real estate, 300–324
about, 300
conservation easements, 324
disaster victims, special breaks for certain, 324
donated for conservation purposes, 196–198
energy-efficient commercial buildings, deduction for, 321–322
home office, 306–312
leasehold, restaurant, and retail improvements, 323–324
low-income housing credit, 318–319
rehabilitation credit, 319–321
rentals, 312–317
taxes, 128–130
timeshares, 312
vacation home, 301–306
- Rebates, 437–438
medical insurance, 71–72
- Recordkeeping:
charitable giving, 208
meals and entertainment expenses, 296
medical expenses, 45–46
travel expenses, 280–281
- Refinancing, 119–121
- Refunds, tax, 422–424

- Rehabilitation credit, 319–321
 historic structures, 320
 minimum rehabilitation, 320–321
 pre-1936 buildings, 320
- Rentals, 312–317
 depreciation rates, 317
 expenses, examples of deductible, 313
 passive loss limitations, 313–314
 real estate, 312–317
 safe-deposit box rental fee, 242–243
- Report of Foreign Bank and Financial Accounts (FBAR), 258
- Required minimum distributions (RMDs), 152–153
- Restaurant improvements, 323–324
- Retail improvements, 323–324
- Retirement planning advice, employer-paid, 179–180
- Retirement plans, loans from, 180
- Retirement saver's credit, 175–178
 individual, eligible, 177
 MAGI limit, 177
 qualified retirement savings contributions, 176–177
- Retirement savings, 146–180. *See also* Individual retirement accounts (IRAs)
 about, 146–147
 charitable transfers of IRA distributions, 180
 custodial/trustee fees, 178–179
 401(k) and similar plans, 164–166
 individual retirement accounts, traditional, 147–154
 IRA rollovers, 160–162
 loans from retirement plans, 180, 326–328
 MyRAs, 162–164
 retirement planning advice, employer-paid, 179–180
 retirement saver's credit, 175–178
 Roth IRAs, 155–160
 self-employed retirement plans, 166–170
 SEPs, 170–172
 SIMPLEs, 172–175
- Reverse mortgages, 125
- RMDs. *See* Required minimum distributions (RMDs)
- Rollovers to IRAs and retirement plans, 160–162
- Roth IRAs. *See also* Individual retirement accounts (IRAs), 155–160
 conversion to, 155
 MAGI limit, 155–156
- Safe-deposit box rental fee, 241–242
- Sales tax, state and local, 420–421
- Savings, penalty on early withdrawal, 226–227
- Savings accounts:
 ABLE accounts (*see* ABLE accounts)
 health savings accounts (*see* Health Savings Accounts (HSAs))
- Savings bonds, interest on, 92–95, 250–252
 bonds, eligible, 93
 MAGI limit, 93–94
 qualified use of redemption proceeds, 94
 taxpayer, eligible, 93
- Scholarships, 76–77
- S corporations, 399, 410
- Section 1244, stock loss on, 238–239
 dollar limit, 239
 Section 1244 requirements, 238–239
- Securities, worthless, 235–238
 totally worthless, 236
 value in the prior year, 236
- Self-employed health insurance deduction, 46–47
- Self-employed individuals:
 Archer Medical Savings Accounts (MSAs) and, 58
 business use of personal car, 215
 education, job-related, 84
 health insurance deduction, 46–47
 retirement plans, 166–170
 self-employment tax deduction, 406–407
- Seminars, 104
- SEPs (simplified employee pensions), 170–172
- Services, business, 397–400
 payments, reasonable, 399
 performance of work, 399
 timeliness of payment, 399
 worker classification, 398
- SIMPLEs (savings incentive match plans for employers), 172–175
 elective deferral limit, 173
 required employer contribution, 173–174
- Small business stock, gain on sale of, 252–254
 conditions for qualifying, 253
 holding period, 253
- Small employers, Archer Medical Savings Accounts (MSAs) and, 58
- Social Security and Medicare (FICA) taxes:
 benefits exempt from, 75, 383
 reducing your, 376–377
- Solar power, 144
- Sporting and theater events, 289–292
 “associated with” test, 291
 “directly related” test, 291
 skyboxes and private luxury boxes, 290
 tickets to sports events benefitting charity, 290
- SSI. *See* Supplemental Security Income
- Start-up business costs, 390–392
 examples of, 391
- State benefit programs, contributions to, 380
- State/local government officials paid on a fee basis, 374–375
- State taxes:
 income, 418–420
 sales, 420–421
- Student exchange program, 204–205

466 INDEX

- Student loans:
 - cancellation, 105–107
 - interest on, 89–90, 326
 - loan qualifications, 90–91
 - MAGI limits, 91
- Subscriptions:
 - to investment newsletters and online services, 243–244
 - to professional journals, newsletters, and podcasts, 364–365
- Supplemental Security Income (SSI), 439
- Supplemental unemployment benefits, repayment of, 375–376
- Supplies, business, 400–402
 - deductible, examples of, 401
- Tablets, used for investments, 244–245
- Tax audits, 425–427
 - about, 425–426
 - exhaust administrative remedies, 426
 - IRS position not substantially justified, 426
 - net worth requirements, 427
 - reasonable reimbursement, 426–427
 - substantially prevail against the IRS, 426
- Tax counseling for the elderly (TCE), 439
- Tax credits. *See* Credits
- Taxes. *See also* Social Security and Medicare (FICA) taxes
 - credits (*see* Credits)
 - federal, 422
 - foreign, 256–258
 - mortgage interest and, 113–115
 - real estate, 128–130
 - refunds, 422–424
 - sales, 420–421
 - self-employment, 406–407
 - state and local, 420–421
- Tax-free items, checklist of, 438–440
- Tax preparation costs, 424–425
 - examples of, 424
- Tax refunds, 422–424
 - identity theft and, 356
- TCE. *See* Tax counseling for the elderly (TCE)
- Temporary work assignments, 267–270
 - away from home, 268–269
 - definition of, 268
 - regular place of business, 268
- Tests, medical, 42
- Tickets to fund raisers, raffles, and sporting events, 201–203
 - school athletic events, special limit for, 202
- Time deposit accounts, penalty on early withdrawal of savings, 226–227
- Timeshares, 312
- Trade Adjustment Assistance (TAA), health coverage tax credit, 35–36
- Travel, 261–281
 - business, 261–267
 - charitable, 274–275
 - conventions, 270–272
 - educational, 275–277
 - frequent flier miles, 279–280
 - medical, 43–44, 272–274
 - moving expenses, 138, 275
 - National Guard and military reservist, 278
 - recordkeeping for, 280–281
 - temporary work assignments, 267–270
- Treatments and programs, medical, 42–43
- Tuition and fees deduction, 87–89
 - educational institution, eligible, 87
 - MAGI limit, 88
 - no education credit, 89
 - qualified expenses, 87–88
 - taxpayer, eligible, 87
- Tuition programs (529 plans):
 - expenses, qualified, 100–104
 - tuition programs, qualified
- Unemployment benefits, repayment of supplemental, 375–376
- Unions, deductible payments to, 360
- USDA-OCD. *See* U.S. Department of Agriculture-Office of Community Development
- U.S. Department of Agriculture-Office of Community Development (USDA-OCD), 254
- U.S. Department of Housing and Urban Development (HUD), 114, 125, 254
- Used clothing and car donations, 193–195, 222
- U. S. savings bonds. *See* Savings bonds, interest on
- Vacation home:
 - business deductions, 302–303
 - business deductions, limited, 303
 - passive loss limitations, 303–304
 - tax-free rental income, 301–302
- Vehicles. *See* Car(s)
- VISTA. *See* Volunteers in Service to America
- Volunteer expenses, 200–201
 - deductible unreimbursed expenses, 200
- Volunteers in Service to America (VISTA), 440
- Wash sale rule, 232–233
- Work. *See* Job
- Work clothes and uniforms, 361–364
 - examples of deductible cleaning expenses, 363
 - examples of professionals having deductible work clothes and uniforms, 362–363
- Work tools and equipment, 365–367
 - examples of deductible, 366
- Wrongful incarceration, damages for, 349, 440, 450