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**Don't Forget These Tax Deductions**

***Job costs, medical expenses among list of commonly missed tax breaks***

Frequently overlooked tax deductions can cost taxpayers a chance to reduce their taxable income and result in overpayment to the IRS by hundreds or thousands of dollars. Especially in a volatile economy, individuals should be careful not to miss these ten key tax deductions:

- 1. Investment losses** – Be sure to correctly determine your basis in securities you sold, including the cost to buy the security and reinvested dividends. Capital losses offset your capital gains and up to \$3,000 of a net capital loss can offset other income. Unused losses are carried over to future returns until used.
- 2. Medical expenses** – Expenses for doctors, prescriptions, hearing aids and other medical costs can be deducted once they exceed 7.5 percent of adjusted gross income. Only expenses that are not reimbursed by insurance or paid through a tax-advantaged plan, such as a flexible spending account, are deductible.
- 3. State and local taxes** – Personal property taxes, real estate taxes, and state and local income taxes are deductible in the year they're paid. In some instances, it's better to deduct state and local sales taxes instead of state and local *income* taxes, especially if the taxpayer resides in a state without income tax. New for 2008: Up to \$500 of real estate tax for single filers and \$1,000 for joint filers, may be deducted even if the taxpayer doesn't itemize.
- 4. Charitable contributions** – Clothing and household items donated to charity must be in "good used condition" to qualify. A good rule of thumb is if the item could be re-sold at a thrift store, it's likely safe to donate. For financial donations, if you give cash, be sure to get a receipt from the charitable organization. Making donations by check or credit card is a good idea because the bank or financial record serves as substantiation.
- 5. Out-of-pocket job expenses** – Uniform costs, union dues, continuing education courses and other expenses not reimbursed by employers may be deductible. Only employee business expenses, plus any other

miscellaneous itemized deductions in excess of 2 percent of adjusted gross income, are deductible.

- 6. Higher education** – Up to \$2,500 of student loan interest may be deducted for 2008. Under certain circumstances, interest on savings bonds can be excluded when the proceeds are used to pay higher education expenses. A deduction also is available for up to \$4,000 of higher education tuition and fees paid for the taxpayer, their spouse, or a dependent.
- 7. Moving expenses** – The cost of moving to a new job location may qualify for a deduction. The move must meet time and distance criteria so a tax professional should be consulted to determine what qualifies.
- 8. Military** – Reservists can deduct non-reimbursed travel expenses for reporting to National Guard or military reserve duty at least 100 miles from home.
- 9. Educator expenses** – Primary and secondary school teachers can deduction up to \$250 of unreimbursed classroom expenses.
- 10. Self-employed** – Business owners may deduct half of their self-employment taxes, all of self-employed health insurance premiums and all contributions to self-employed retirement plans.

With all deductions, taxpayers must document each benefit they claim. Taxpayers should keep all receipts, correspondence and paperwork validating these transactions.

Whether clients visit one of the company's 13,000 offices nationwide or use H&R Block TaxCut software or online programs, H&R Block can help taxpayers claim all the tax benefits they're entitled.

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#### **About H&R Block**

H&R Block Inc. (NYSE: HRB) is the world's preeminent tax services provider, having served more than 400 million clients since 1955 and generating annual revenues of \$4.1 billion in fiscal year 2008. H&R Block provides income tax return preparation and related services and products via a nationwide network of approximately 13,000 company-owned and franchised offices and through TaxCut® online and software solutions. The company also provides business services through RSM McGladrey. For more information visit our Online Press Center at [www.hrblock.com](http://www.hrblock.com).