

Interview Tips – Itemized Deductions

These interview tips will assist you in determining whether a taxpayer's itemized deductions are more than their standard deduction amount. It may be more advantageous for a taxpayer to itemize their deductions if the amount is larger than the allowable standard deduction amount.

step 1	<p>Do you have expenses in the following categories: medical and dental expenses, taxes you paid, home mortgage interest you paid, gifts to charity, gambling losses and expenses incurred in gambling activities (to the extent of gambling winnings) and work related expenses for disabled individuals that enables them to work.</p> <p>Note: Casualty and theft losses are beyond the scope of VITA/TCE.</p>	<p>If YES, go to Step 2. If NO, generally speaking, you should take the standard deduction if eligible. For further explanation see exceptions in Publication 17, Your Federal Income Tax For Individuals, Standard Deduction chapter.</p>
step 2	<p>Were the medical and dental expenses paid by an employer under a pre-tax plan (not included in Box 1 of the taxpayer's Form W-2) or were the expenses reimbursed by an insurance company?</p>	<p>If YES, you can't deduct reimbursed expenses. Go to Step 4. If NO, you can claim these expenses. Go to Step 3.</p>
step 3	<p>Were the medical and dental expenses more than 7.5% of your adjusted gross income?</p> <p>Note: You can include medical and dental bills you paid for:</p> <ul style="list-style-type: none">• Yourself and your spouse• All dependents you claim on your return• Your child whom you don't claim as a dependent because of the rules for children of divorced or separated parents• Any person you could have claimed as a dependent on your return except that person received \$4,300 or more of gross income or filed a joint return• Any person you could have claimed as a dependent except that you, or your spouse if filing jointly, can be claimed as a dependent on someone else's 2020 return	<p>If YES, you can claim qualified expenses. Go to Step 4. If NO, you can't deduct these expenses. Go to Step 4.</p>
step 4	<p>Were the following taxes you paid imposed on you: state and local general sales tax, state or local income tax, real or personal property taxes?</p> <p>Note: The total amount of these taxes is limited to \$10,000 (\$5,000 MFS) per return.</p>	<p>If YES, go to Step 5. If NO, you can't claim this expense as a deduction because you weren't obligated to pay the taxes. Go to Step 6.</p>
step 5	<p>Did you pay these taxes during this tax year?</p>	<p>If YES, you can claim these expenses and go to Step 6. If NO, you can't deduct taxes for this year that were paid in another year. Go to Step 6.</p>
step 6	<p>Are you legally liable for a home mortgage loan?</p>	<p>If YES, go to Step 7. If NO, you can't take an interest expense for a mortgage for which you aren't legally liable. Go to Step 13.</p>

Interview Tips – Itemized Deductions (continued)

step 7	Was the mortgage a secured debt on a main or second home?	If YES , go to Step 8. If NO , you can't take an interest expense. Go to Step 13.
step 8	Did you pay the mortgage interest in this tax year?	If YES , go to Step 9. If NO , you can't take the mortgage interest deduction. Go to Step 13.
step 9	Did you take out the mortgage on or before October 13, 1987?	If YES , your mortgage interest is fully deductible. Go to Step 10. If NO , follow the flowchart, "Is My Home Mortgage Interest Fully Deductible" in Publication 17 to determine what is deductible. Go to Step 13.
step 10	Did you pay premiums in 2020 for qualified mortgage insurance for a home acquisition debt that was issued after 2006?	If YES , you can take a deduction for qualified mortgage insurance as home mortgage interest with AGI limitations. If NO , you can't take a deduction for qualified mortgage insurance as home mortgage interest. Go to Step 11.
step 11	Did you pay points to obtain a home mortgage (on a main home or second home or home improvement loan or to refinance your home)?	If YES , follow the "Are My Points Fully Deductible This Year" flowchart in Publication 17 and then go to Step 12. See Note 1 . If NO , go to Step 12.
step 12	Did you have home equity interest that was used to buy, build, or improve your home?	If YES , your home equity interest is deductible. If NO , go to Step 13.
step 13	Did you make a cash contribution to a qualified organization?	If YES , you must have a written record from that particular organization, and then go to Step 14. If NO , go to Step 14.
step 14	Did you make a noncash donation to a qualified organization? Note: Generally the value of a donation is the lesser of your cost or fair market value.	If YES , advise the taxpayer that generally he or she must have a written receipt from that particular organization. Go to Step 15. See Note 2 . If NO , Go to Step 15.
step 15	Is the total of all noncash donations \$500 or less?	If YES , see Publication 17 for more details. If NO , this is beyond the scope of VITA/TCE. Refer taxpayer to a professional tax preparer.

Note 1: If you refinanced in an earlier year, and weren't eligible to take all the points in that year, you can add in this year's portion of those prior year points.

Note 2: For noncash donations less than \$250, you are not required to have a receipt where it is impractical to get one (for example if you leave property at a charity's unattended drop site).