

The Standard Deduction is not so “Standard”

Not Claimed as a Dependent

<u>Filing Status</u>	<u>Yr 2009</u>
Single/Married Filing Separately (MFS)*	\$5,700
Married Filing Jointly(MFJ)	\$11,400
Head of Household (HOH)	\$8,350

**If you are married filing a separate return and your spouse itemizes deductions, you cannot take the standard deduction even if you are 65 or older, are blind, pay real estate taxes, or have a net disaster loss.*

Claimed as a Dependent

Smaller of your filing status standard deduction OR the greater of \$900 or earned income plus \$300

In other words, your standard deduction can be between \$900 and your filing status standard deduction. For example, a taxpayer filing single and claimed as a dependent may have a standard deduction between \$900 and \$5,450 depending on the amount of earned income. Earned income includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any amount received as a scholarship that you must include in your income.

Example 1: A single taxpayer that is claimed as a dependent has earned income of \$3,600 and interest income of \$1,000. The standard deduction for the dependent taxpayer is \$3,900 (\$3,600 earned income plus \$300).

Example 2: A single taxpayer that is claimed as a dependent has earned income of \$500 and interest income of \$1,000. The standard deduction for the dependent taxpayer is \$900 (earned income of \$500 plus \$300 is less than \$900).

Example 3: A single taxpayer that is claimed as a dependent has earned income of \$5,500 and interest income of \$1,000. The standard deduction for the dependent taxpayer is \$5,700 (earned income plus \$300 is greater than the standard deduction of single taxpayers).

Additional Standard Deductions

These additional deductions can be taken *in addition* to your standard deduction. However, if you are married filing a separate return and your spouse itemizes deductions, you cannot take the standard deduction even if you are 65 or older, are blind, pay real estate taxes, or have a net disaster loss.

Single/HOH – 65 or older OR Blind: \$1,350 (each condition)

Example 4: If a single taxpayer is 67 years old **and** is legally blind, then the additional standard deduction is \$2,700. Assuming the taxpayer does not qualify for any other additional standard deductions, the **total** standard deduction is \$8,400 (\$5,700 standard deduction for single plus \$2,700 additional standard deduction).

Example 5: If a single taxpayer is 67 years old and is **not** blind, then the additional standard deduction is \$1,350. Assuming the taxpayer does not qualify for any other additional standard deductions, the **total** standard deduction is \$7,050 (\$5,700 standard deduction for single plus \$1,350 additional standard deduction).

MFJ – 65 or older OR Blind: \$1,050 (each condition)

The additional standard deduction applies to each spouse. **Example 6:** If one spouse is greater than 65 years old and legally blind and the other spouse is greater than 65, then the additional standard deduction is \$3,150 (\$1,050 times 3).

MFJ – Local Real Estate Taxes Paid: \$1,000 (maximum)

Additional standard deduction for state and local real estate taxes paid during tax year. These taxes would be deductible if taxpayer could itemize deductions. The additional standard deduction is limited to \$1,000 for married filing jointly (MFJ) taxpayers.

Single/HOH/MFS – Local Real Estate Taxes Paid: \$500 (maximum)

Additional standard deduction for state and local real estate taxes paid during tax year. These taxes would be deductible if taxpayer could itemize deductions. The additional standard deduction is limited to \$500 for taxpayers not filing as married filing jointly (MFJ).

New Car Sales Tax Deduction: Amount Varies

An additional standard deduction can be taken for sales tax paid on the purchase of a new vehicle (cars, light trucks, motor home, motorcycles). State and local sales taxes paid on up to \$49,500 of the purchase price of qualifying vehicles are deductible. Purchases must occur after February 16, 2009 and before January 1, 2010.

Net Disaster Loss: Amount Varies

An additional standard deduction can be taken for any net disaster loss from a federally declared disaster that occurred during the tax year. This additional standard deduction is very narrow in scope (very few will qualify). However, it is interesting to note that disaster losses from a federally declared disaster are not subject to the 10% Adjusted Gross Income (AGI) floor.

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