

Each year the Internal Revenue Service reports the most commonly overlooked tax deductions/credits for the previous filing year. Here are six deductions/credits that will likely make the 2009 short list.

- 1) **State Sales Tax** – Washington state sales tax is deductible in 2009 even if you do not itemize your deductions. Large purchases can be added to increase the deduction. Don't forget tax on building materials for an addition or a remodel.
- 2) **Reinvested Dividends and Interest** – If you sold stock or mutual funds in 2009 don't forget to add the past reinvested dividends and interest to your cost basis. These reinvestments decrease your gain or increase you loss, which is a good thing.
- 3) **Refinance Points** – Refinance points paid in the past, and not deducted in the year you refinanced, are deductible over the life of the loan. When you sell the home the remaining points are deductible in that year.
- 4) **Property Taxes** – Real estate property taxes are deductible in 2009 even if you do not itemize your deductions on Schedule A. In addition, excise taxes paid for vehicle licenses are also deductible, but you have to itemize to claim them.
- 5) **Child Care Credit** – If you pay an individual or business to provide care for your child, while you are at work, you may be eligible for a tax credit. You will need to provide the name, address, amount and social security or employer identification number of the provider.
- 6) **Making Work Pay** – New for 2009 is a tax credit of \$400 for individuals and \$800 for married working couples who have earned income in 2009. This is a refundable credit (you will get it even if you have zero tax liability) and most of us working stiffs will qualify.

Make sure you mention any of the above deductions/credits to your tax preparer. Remember, tax avoidance is not illegal.