



When Should You Itemize Your Taxes?

"Should I itemize or take the standard deduction" is a question just about every taxpayer asks. Your tax professional can help you decide which path is best for your situation. But as you get ready for your tax prep meeting, here are answers to three vital questions concerning this common but complicated tax question.

What is the definition of Standard and Itemized Deductions?

The Standard Deduction: This is a dollar amount determined by the IRS that you may subtract from your taxable income to reduce the amount of taxes owed. You do not have to show any proof of expenses for this deduction. The amount you can take as a standard deduction varies depending on your age and filing status, and it can change each year.

The Itemized Deduction: Taxpayers may also itemize deductions, meaning you keep track of expenses throughout the year that the IRS allows as deductions. You then subtract the total allowable amount of deductions from your taxable income to determine the amount you'll be taxed on.

You can choose either the standard deduction or itemized deductions, but you may not do both. Your tax professional can help you decide which option is best for you. However, if you are a married taxpayer filing separately from your spouse, you must both choose the same method of deduction.

Which deduction approach is better?

Your tax professional is the best resource for this question. In general, you'll want to choose the deduction method that results in the lowest Adjusted Gross Income (AGI), because that will allow you to pay the least amount of taxes. With the standard deduction, you'll have less math and no need to document your deductions, but the total is limited to whatever amount the government allows. With itemized deductions, you'll have more math and you'll need to provide proof of the expenses you're deducting, but you may be allowed to deduct more and therefore pay less in taxes.

What Can I Itemize?

Again, your tax professional is the best person to answer this question but to help determine your eligibility, here is [important information](#) from the IRS on how deductions (and tax credits) work. Keep in mind that the allowable deductions and rules for applying them can change from year to year, so it's best to get advice from a tax expert on what qualifies for your particular situation.

Taxes are certainly a complicated topic with lots of details and nuance involved, but don't feel overwhelmed. We're happy to make a recommendation to a tax professional or help you streamline your personal tax process, just give us a call!

Here is a handy link to my calendar if you want to chat - [Click here to schedule an appointment with Mary Sterk](#)