

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

local income taxes such as the taxes withheld from your paychecks and any estimated taxes paid during the year. It also includes property taxes if you're a homeowner.

Ken Berry, JD • Nov. 02, 2015



(This is part of our [series of “sweet 16” year-end tax planning ideas.](#))

Usually, taxpayers who itemize their deductions can write off most of the state and

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

local income taxes such as the taxes withheld from your paychecks and any estimated taxes paid during the year. It also includes property taxes if you're a homeowner. For many taxpayers, the deduction for state and local taxes is one of the biggest writeoffs they have on Form 1040.

Prior to 2015, taxpayers had another choice. In lieu of deducting state and local income taxes, you could elect to deduct the state and local sales taxes you paid during the year. It was one or another, but not both. The sales tax deduction was claimed in one of two ways.

1. **You deduct the actual sales tax paid during the year.** To prove the amount, you had to keep receipts or other documentation of purchases.
2. **You could deduct an amount under the IRS sales tax table.** The deduction varied from state to state and was also based on family size. Practically speaking, the table amount was often lower than the actual amount of annual sales tax paid, but less of a hassle for busy taxpayers.

Icing on the cake: In addition to the IRS table amount, you could add the sales tax for these "big-ticket items":

- Lease or purchase of a vehicle,
- Purchase of a boat or aircraft; and
- Purchase or substantial addition or renovation to a home.

Sometimes, the extra sales tax paid for qualified big-ticket items was enough to justify taking the state sales tax deduction. In any event, the state sales tax option was a no-brainer for taxpayers in states with no or a very low state income tax.

However, the alternative deduction for state and local sales taxes expired after 2014. Now you have to wait-and-see what happens in Congress. Don't throw out any sales

tax receipts you've been keeping during the year. If the optional deduction is revived

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Financial Reporting • Sales Tax • State and Local Taxes

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved