

# Overlooked Ways of Maximizing Your Refund and/or Minimizing Your Balance

## 1. Get organized to maximize your income tax refund

One of the benefits of getting things organized is that you'll be prepared and ready when it comes time to file your taxes. You will want to pull together your tax forms like W-2s and 1099-DIVs or 1099-INTs. Make sure you have any receipts from work-related expenses. Also, having documents like your property tax, mortgage interest, and tuition statements will make things easier when you start preparing your return and help avoid missing a deduction that can boost your income tax refund.

## 2. Don't shy away from tax deductions

### Volunteer Work & Charitable Contributions

People who volunteer their time and expertise believe they have something valuable to offer. So, you may find it distressing that your services, expert though they may be, are worth a tax deduction of precisely zero. This rule is not unique to volunteer work; in fact, it is consistent with other tax laws. With only rare exceptions, the general rule is that you must spend cold, hard cash or give away stuff before you may claim a deduction.

**However, you may deduct many of the expenses you incur for volunteer work, including:**

- the cost of hosting a party or fundraiser for the organization
- advertising that you buy on behalf of the organization
- supplies you purchase to be used in volunteer work, such as stamps and stationery
- the cost of a required uniform (and the cost of keeping it clean), and
- telephone expenses, etc...

Some local travel expenses are also deductible, such as bus, train, or taxi fares. If you use your own car, you may deduct the parking fees, tolls, and cost of your gas and oil for those miles you travel for the charity, but you may **not** deduct the cost of insurance, maintenance, registration fees, or depreciation, as you could if you were using your car for business. If you don't want to keep track of your actual gas and oil expenses, you can simply keep a log of the miles your travel for volunteer work

Keeping a trip log for your volunteer work, job-hunting and doctor's appointments may seem like a waste of time, but those miles add up and represent deductions. Parking, toll and bus or taxi receipts support your claim, while a record of the miles you drove lets you write off the cost of using your car through the standard mileage rate. Good travel records could help you reach the needed minimum percentage of adjusted gross income for miscellaneous deductions.

Moving for a new job 50 miles or more away can boost your tax refund because you can deduct moving, storage and travel expenses related to your relocation. You have to work full time at the new job for at least 39 weeks the first year; however, you can take the deduction in the year you move if you expect to meet this time test within the following tax year. You don't have to itemize to get this tax break to lower your adjusted gross income. Simply figure your total using Form 3903 and attach it to your 1040 return.

Charitable deductions can help your refund cause, too. Record keeping lets you add up the dollars spent doing charity work, in addition to claiming the market value of any clothing or household things you donate. When you bake for a fund-raiser, the cost of your ingredients can be deducted, but not the value of the time you spent baking.

You should be able to substantiate your expenses by showing the connection between the expense and the volunteer work performed. You should also have receipts or canceled checks to back up your deduction. Special rules apply if you incur \$250 or more in expenses on behalf of a charity. In such cases, you'll need to have a written receipt from the charity in hand before your return is filed.