Money Talks By David Helscher

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There are a couple of changes and revisions to taxes and the forms for the current filing season. Most are attempts to make filing easier or at least completing the forms, and others are to provide taxpayer relief to applicable taxpayers. With all that has been and is going on, a little relief is a welcome thing.

You no longer have to be younger than 70 ½ to make a deductible contribution to your IRA. Also, the age for beginning required minimum distributions from your IRA has increased to age 72. If otherwise eligible, you would have until the due date of your individual income tax return, generally April 15, to make your deductible contribution and be able to deduct it on your 2020 tax return.

If you made charitable contributions during 2020 and you do not itemize your deductions, you may still be able to deduct the contributions. If filing as single, married filing jointly, or as head of household, you may be able to deduct up to $300 for the contributions. The contribution must be made to an organization that is religious, charitable, educational, scientific, or literary in purpose. Contributions of non-cash property or contributions carried forward from prior years will not qualify for this deduction. Also excluded are contributions to donor advised funds.

If you are an eligible educator during 2020 you can deduct up to $250 of qualified expenses. If you are married filing jointly and your spouse is also an eligible educator, the maximum deduction is $500. An eligible educator is a K -12 teacher, instructor, or aide who worked in a school for at least 900 hours during a school year. Qualified expenses include ordinary and necessary expenses for professional development courses you have taken related to the curriculum you teach or to the students you teach. Also included are expenses in connection with books, supplies, equipment, and other materials used in the classroom. Also included in educator expenses are amounts paid or incurred after March 12, 2020 for personal protective equipment, disinfectants, and other supplies used for the prevention of the spread of coronavirus. See the instructions for schedule 1, line 10 for further information.

For those seeking to utilize the earned income credit, you may be able to elect to use your 2019 earned income to figure your 2020 credit. This applies if your 2019 earned income is greater than your 2020 earned income. The earned income credit is a credit for certain people who work. The credit may provide you with a refund even if you don't owe any tax or didn't have any tax withheld. However, if the credit is claimed and it is shown to have been claimed due to recklessness or intentional disregard of the rules, certain penalties apply.

In a previous article, I pointed out that the standard deduction has been increased. For single and married filing separately, the deduction for 2020 is $12,400. For married filing jointly, the standard deduction is $24,800, and for head of household, $18,650. Generally, if your itemized deductions total less than the standard deduction amount, you should claim the standard deduction.

Each taxpayer should seek independent advice from a tax professional based on his or her individual circumstances. To the extent this material concerns tax matters, it is not intended or written to be used by a taxpayer for purposes of avoiding penalties that may be imposed by law.