IRS TAX TIP 2004-06

SHOULD YOU ITEMIZE?

Whether to itemize deductions on your tax return depends on how much you spent on certain expenses last year. According to the IRS, money paid for medical care, mortgage interest, taxes, contributions, casualty losses, and miscellaneous deductions can reduce your taxes. If the total amount spent on those categories is more than the standard deduction, you can usually benefit by itemizing.

The standard deduction amounts are based on your filing status and are subject to inflation adjustments each year. For 2003, they are:

Single	$4,750
Married Filing Jointly	$9,500
Head of Household	$7,000
Married Filing Separately	$4,750

The standard deduction amount is more for taxpayers age 65 or older and for those who are blind. It is generally less for those who can be claimed as a dependent on some other taxpayer's return.

Your itemized deductions may be limited if your adjusted gross income is more than $139,500, or $69,750 for Married Filing Separately. This limit applies to all itemized deductions except medical and dental expenses, casualty and theft losses, gambling losses, and investment interest.

When a married couple files separate returns and one spouse itemizes deductions, the other spouse must also itemize and cannot claim the standard deduction.

There are some taxpayers who are not eligible for the standard deduction. They include nonresident aliens, dual-status aliens, and individuals who file returns for periods of less than 12 months. For additional information, see Publication 501, "Exemptions, Standard Deduction, and Filing Information."

For more details on itemized deductions, see the instructions for Schedule A, Form 1040, or Publication 17, "Your Federal Income Tax." You may download publications and forms from the IRS Web site at *www.irs.gov* or you may order them by calling toll free 1-800-TAX-FORM (1-800-829-3676).

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