




## Lesson Plan

### Itemized Deductions

Time Required: 45 minutes

Introduction	Objectives	Topics
This lesson covers itemized deductions, including which expenses taxpayers can include in their itemized deductions. The lesson also explains how to calculate taxable income.	<p>Determine if a taxpayer should itemize deductions.</p> <p>Determine the type of expenses that qualify as itemized deductions.</p> <p>Accurately report itemized deductions on Schedule A.</p>	 <p>Itemized Deductions</p> <p>Medical and Dental Expenses</p> <p>Taxes that May be Deductible</p> <p>Interest Paid</p> <p>Gifts to Charity</p> <p>Miscellaneous Deductions</p>

### Key Terms

**Adjusted Gross Income (AGI):** The taxpayer's total adjusted gross income (AGI) is the amount used to compute some limitations, such as the medical and dental deduction on Schedule A and the credit for child and dependent care expenses.

**Itemized Deductions:** Itemized deductions allow taxpayers to reduce their taxable income based on specific personal expenses. If the total itemized deductions are greater than the standard deduction, it will result in a lower taxable income and lower tax.

**Standard Deduction:** An amount provided by law and based on filing status, age, blindness, and dependency that taxpayers can deduct from their adjusted gross income before tax is determined.

## Teacher Tips

### Guidelines for Lesson

Guideline	Instructor Notes	Presentation Aids
Lesson background info	<b>Review</b> the online demo of TaxSlayer on Income.	<b>TaxSlayer® Demo:</b> From the Practice Lab, select: <ul style="list-style-type: none"> <li>• TaxSlayer IRS training</li> <li>• Click the appropriate demo</li> </ul>
Provide details and engage the students	<p><b>Discuss</b> all tips and cautions in detail.</p> <p><b>Ask</b> students to read and/or role-play examples and sample interviews.</p> <p><b>Review</b> answers to each exercise; ask students how they arrived at their answers.</p>	<p><b>Visuals:</b> Pub 4491, Itemized Deductions</p>

### Topic-specific Tips

Topic Name	Instructor Notes	Presentation Aids
Introduction	<p><b>Review</b> lesson objectives.</p> <p><b>Review</b> list of references.</p> <p><b>State</b> the presentation time.</p>	<p><b>Visuals:</b>  <a href="#">Form 13614-C</a>, Section A  <a href="#">Form 1040</a>, Tax and Credits section  <a href="#">Schedule A</a>  <a href="#">Pub 4012</a>, Tab F, Deductions </p>
Itemized Deductions	<p><b>Point out</b> that generally taxpayers should itemize their deductions if their total allowable deductions are higher than the standard deduction amount.</p> <p><b>Refer</b> to Pub 4012 and go over the steps for persons not eligible for the standard deduction.</p> <p><b>Ask:</b> Who would likely benefit from itemizing their deductions?  <b>Answer:</b> Taxpayers who have mortgage interest or a very large amount of unreimbursed medical/dental expenses compared to their income.</p>	<p><b>Visuals:</b>  <a href="#">Pub 4012</a>, Tab F, Deductions: <ul style="list-style-type: none"> <li>• Persons Not Eligible for the Standard Deduction Interview Tips</li> <li>• Interview Tips – Itemized Deductions</li> <li>• Schedule A - Itemized Deductions</li> </ul> </p> <p><b>Internet:</b>  Link &amp; Learn Taxes (L&amp;LT) Itemized Deductions, Who Should Itemize? </p>

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**Remind** students that casualty and theft losses are out of scope for VITA/TCE.

**Refer** to Pub 4012 Interview Tips and step through the questions in order to determine if a taxpayer should itemize.

**Review** the Tax Map.

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### Medical and Dental Expenses

**Refer** students to Pub 502, Medical and Dental Expenses showing deductible and nondeductible expenses. Refer to Pub 4012 for the applicable percentage for the tax year.

**Remind** students that qualified expenses do not include life insurance premiums, vitamins, or reimbursed hospital expenses.

**Step through** Pub 4012, Interview Tips about medical expenses.

**Ask** students to read examples in Pub 502, Medical and Dental Expenses, Whose Medical Expenses Can You Include?

**Review** the Tax Topics.

**Demonstrate** TaxSlayer, Schedule A for Medical and Dental Expenses. Show students how the form walks through the computation.

### Visuals:

[Pub 502](#), Medical and Dental Expenses

[Pub 4012](#), Tab F, Deductions:

- Interview Tips – Itemized Deductions
- Schedule A – Itemized Deductions

[Schedule A](#), lines 1-4

### Internet:

L&LT Itemized Deductions, Medical and Dental Expenses

Tax Topics: [Medical and Dental Expenses](#)

### TaxSlayer Demo:

Click on Form 1040 View>Medical and Dental Expenses or click on Deductions from Federal Section>Itemized Deductions>Medical and Dental Expenses.

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### Taxes that May be Deductible

**Refer** students to Pub 17, Taxes Paid chapter, table Which Taxes can You Deduct?

**Ask:** Are state sales tax or and state and local taxes deductible?

**Answer:** Taxpayers may deduct either sales tax or state and local income tax, but not both.

**Point out** Deduction of state and local income, sales, and property taxes is a combined, total deduction of \$10,000 (\$5,000 if married filing separately).

**Point out** that foreign income taxes may be claimed either as an itemized deduction or as a nonrefundable credit. Refer to the Foreign Tax Credit article on IRS.gov.

**Review** the Tax Topics and FAQ.

**Review** Pub 4012, Schedule A – Itemized Deductions, Taxes you Paid.

**Demonstrate** TaxSlayer, Schedule A for Taxes You Paid.

### Visual:

[Pub 17](#), Taxes Paid chapter, Which Taxes Can You Deduct?

[Pub 4012](#), Tab F, Deductions:

- Interview Tips – Itemized Deductions
- Schedule A – Itemized Deductions

[Schedule A](#)

### Internet:

L&LT Itemized Deductions, Taxes that May be Deductible

[Foreign Tax Credit - Choosing To Take Credit or Deduction](#)

Tax Topics: [Deductible Taxes](#)

At a Glance: [Home Mortgage Interest](#)

### TaxSlayer Demo:

Click on Add Sales Tax Worksheet from Schedule A Taxes You Paid.

### Interest Paid

**Refer** students to Pub 936, Home Mortgage Interest Deduction:

- Figure A – Is My Home Mortgage Interest Fully Deductible?
- Figure B – Are My Points Fully Deductible This Year?

**Point out** the deduction for home equity mortgage interest is not allowed unless it was used to build, buy, or improve the taxpayer's qualified residence.

**Review** what types of interest are not deductible.

**Remind** students that refinance points and personal interest are not deductible. Points from refinancing

### Visuals:

[Form 1098](#)

[Pub 936](#), Home Mortgage Interest Deduction

Pub 4012, Tab F, Deductions, [Interview Tips – Itemized Deductions](#)

[Schedule A](#)

[Pub 4012](#), Tab F, Deductions, Schedule A – Itemized Deductions

### Internet:

L&LT Itemized Deductions, Interest Paid

Tax Topics: [Interest Expense](#)

Tax Topics: [Home Mortgage Points](#)

	<p>must be spread over life of loan, unless used to remodel.</p> <p><b>Review</b> the Tax Topics.</p> <p><b>Review</b> Pub 4012, Schedule A – Itemized Deductions.</p> <p><b>Demonstrate</b> TaxSlayer, Schedule A for Interest You Paid</p>	<p><b>TaxSlayer Demo:</b> Click Begin on the Mortgage Interest and Expenses line from the Itemized Deductions page.</p>
Gifts to Charity	<p><b>Refer</b> students to Pub 526, Charitable Contributions.</p> <p><b>Prompt</b> students for examples of:</p> <ul style="list-style-type: none"> <li>• Gifts to charity that are deductible</li> <li>• Gifts to charity that are not deductible</li> </ul> <p><b>Remind</b> students to ask taxpayers about noncash contributions.</p> <p><b>Review</b> the Tax Topic and FAQ.</p> <p><b>Review</b> Pub 4012, Schedule A – Itemized Deductions.</p> <p><b>Point out</b> that noncash contributions over \$500 are out of scope and taxpayers should be referred to a professional tax preparer.</p> <p><b>Demonstrate</b> TaxSlayer, Schedule A for Gifts to Charity.</p>	<p><b>Visuals:</b> <a href="#">Pub 526</a>, Charitable Contributions <a href="#">Schedule A</a> <a href="#">Pub 4012</a>, Tab F, Deductions, Schedule A – Itemized Deductions</p> <p><b>Internet:</b> L&amp;LT Itemized Deductions, Gifts to Charity <a href="#">Search for Charities</a></p> <p>Tax Topics: <a href="#">Charitable Contributions</a></p> <p>At a Glance: <a href="#">Charitable Deductions</a></p> <p><b>TaxSlayer Demo:</b> Click Begin on the Gifts to charity line from the Itemized Deductions Page</p>
Casualty and Theft Losses	<p><b>Point out</b> only casualty losses derived from federally declared disaster areas are allowed after 2017. All other losses are not allowed except to the extent of casualty gains.</p>	<p><b>Visuals:</b> <a href="#">Pub 4012</a>, Tab F, Deductions</p>

Miscellaneous Deductions	<p><b>Review</b> Miscellaneous Deductions topic.</p> <p><b>Ask</b> which itemized deductions are subject to 2% limit. <b>Answer:</b> All itemized deductions subject to the 2% of AGI limitation are not allowed through the end of 2025. This includes employee business expenses.</p> <p><b>Caution</b> students that gambling losses in excess of winnings are not deductible.</p> <p><b>Discuss</b> what types of miscellaneous expenses are deductible.</p> <p><b>Refer</b> students to Pub 17, Miscellaneous Deductions chapter.</p> <p><b>Review</b> Pub 4012, Schedule A – Itemized Deductions.</p> <p><b>Demonstrate</b> TaxSlayer, Schedule A for Miscellaneous Deductions.</p>	<p><b>Visuals:</b> <a href="#">Pub 17</a>, Miscellaneous Deductions chapter  <a href="#">Schedule A</a>  <a href="#">Pub 4012</a>, Tab F, Deductions, Schedule A – Itemized Deductions</p> <p><b>Internet:</b> L&amp;LT Itemized Deductions, Miscellaneous Deductions</p> <p>Tax Topics: <a href="#">Miscellaneous Expenses</a></p> <p><b>TaxSlayer Demo:</b> Click on Begin on the Miscellaneous Deduction line from the Itemized Deductions page.</p>
Skills Workout	<p><b>Review</b> the Skills workout exercises with the class.</p> <p><b>Review</b> what is out of scope for the VITA/TCE program.</p>	<p><b>Visuals:</b> Link &amp; Learn Taxes Skills workout click the Certification Warm Up icon to review the exercises</p>

## References

Form 13614-C	<a href="#">Form 13614-C</a> , Intake/Interview & Quality Review Sheet, Page 2
Form 1040	<a href="#">Form 1040</a> , Tax and Credits section
Schedule A (Form 1040)	<a href="#">Schedule A, Itemized Deductions</a>
Pub 4012, Volunteer Resource Guide	<a href="#">Pub 4012</a> , Volunteer Resource Guide, Tab F, Deductions Interview Tips – Itemized Deductions Schedule A – Itemized Deductions
Pub 17	<a href="#">Pub 17</a> , Part Five, Standard Deduction and Itemized Deductions

## Optional

Pub 502	<a href="#">Pub 502, Medical and Dental Expenses</a>
Pub 526	<a href="#">Pub 526, Charitable Contributions</a>
Pub 529	<a href="#">Pub 529, Miscellaneous Deductions</a>
Pub 530	<a href="#">Pub 530, Tax Information for Homeowners</a>
Pub 936	<a href="#">Pub 936, Home Interest Deduction</a>

## Recommended Classroom Activities



**Skills  
Workout**



**Certification  
Warm Up**



**Media: Videos  
& Audio**



**TaxSlayer  
Tutorial**



**Job Aids**



**Practice  
Lab**



**Skills Workout: Link & Learn Taxes Itemized Deductions**

Click Skills Workout to access Link & Learn Taxes Itemized Deductions.



**Certification Warm Up – Summary and Exercises**

Click Certification Warm Up to access the Summary and Exercises in Link & Learn Taxes Itemized Deductions.



**Media: Video & Audio for Lesson**

There is no media associated with this lesson.



### TaxSlayer Tips and Resources for Lesson

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TaxSlayer Training Video [Entering Standard and Itemized Deductions](#)

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Practice Lab Tutorial From the [Practice Lab](#):

1. Enter the universal password (if you do not have the password, you can request it from your site coordinator or SPEC relationship manager).
2. Sign in to Practice Lab or create an account.
3. Select the appropriate tutorial.



### Job Aids

#### ITA and FAQs for Lesson

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##### Tax Topics

Itemized Deductions (All Topics)

<https://www.irs.gov/taxtopics/tc500.html>

Medical and Dental Expenses

<https://www.irs.gov/taxtopics/tc502>

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##### At a Glance

Charitable Deductions

<https://www.irs.gov/credits-deductions/individuals/deducting-charitable-contributions-at-a-glance>

Home Mortgage Interest

<https://www.irs.gov/credits-deductions/individuals/deducting-home-mortgage-interest-at-a-glance>

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##### Other

Foreign Tax Credit – Choosing To Take Credit or Deduction

<https://www.irs.gov/individuals/international-taxpayers/foreign-tax-credit-choosing-to-take-credit-or-deduction>

Search for Charities

<https://www.irs.gov/charities-non-profits/exempt-organizations-select-check>



### Practice Lab

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Practice Lab <https://vita.taxslayerpro.com/IRSTraining/>

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