



TAX DEDUCTIONS

LESS TAXIN', MORE RELAXIN'!

As of 10.30.2025

A tax deduction is a deduction that **lowers a person or organization's tax liability by lowering their taxable income**. Deductions are applied against or subtracted from Adjusted Gross Income (AGI) to figure out how much tax is owed.

I) Above-the-Line (General / Personal)

Deductions taken before AGI is calculated; available even if you don't itemize (IRC § 62)

<p>Traditional IRA Contribution Deduction (IRC § 219) — Personal You may deduct contributions to a traditional IRA (subject to income limits and whether you or your spouse are covered by a retirement plan).</p>	<p>Health Savings Account Contributions (IRC § 223) — Personal Eligible taxpayers can deduct HSA contributions (even if you don't itemize), and earnings grow tax-deferred.</p>	<p>Self-Employed Retirement Plan Contributions — Business Owners or contractors may deduct SEP IRA, SIMPLE IRA, or Solo 401(k) contributions (within allowable limits) when computing AGI.</p>
<p>Self-Employment Health Insurance Deduction — Business Self-employed individuals may deduct health, dental, and long-term care insurance premiums for themselves, spouse, and dependents, reducing AGI.</p>	<p>Qualified Performing Artist Deduction (IRC § 62(a)(2)(B)) — Business Eligible performing artists may deduct "ordinary and necessary" job expenses (as employees) as an adjustment to income per § 62. Uses the legacy \$16k AGI cap unless the 2025 parity bill is effective for the filing year</p>	<p>Moving Expenses for Armed Forces (IRC § 217) — Personal Active duty military who relocate due to a permanent change of station may deduct qualifying moving costs.</p>
<p>Penalty on Early Withdrawal of Savings (IRC § 62(a)(9)) — Personal Deduction for bank/savings early-withdrawal penalties. Claimed as an adjustment to income; reduces AGI even if you don't itemize.</p>	<p>Alimony Payments (Pre-2019 Agreements) (IRC § 215) — Personal Under pre-2019 divorce or separation agreements, alimony payments remain deductible by the payer (if rules met).</p>	<p>Repayment of Income (IRC § 1341) — Personal If you repay income in a later year that was previously included in income, you may claim a deduction / credit.</p>
<p>Educator Expenses (IRC §62(a)(2)(D)) — Personal Eligible K-12 teachers may deduct up to \$300 (\$600 MFJ) for unreimbursed classroom supplies.</p>	<p>Student Loan Interest (IRC §221) — Personal Up to \$2,500 of qualified student loan interest is deductible, subject to income phase-outs.</p>	<p>Jury Duty Pay Repayment Deduction (IRC §62(a)(14)) — Personal Deduct jury pay repaid to employer if salary continued.</p>

II) Above-the-Line (Business / Trade / Rental / Miscellaneous)

For business owners, freelancers, landlords, and other income-producing activities

<p>Business Expenses (Ordinary & Necessary) (IRC § 162) — Business "Ordinary & necessary" and incurred in carrying on a trade or business. Deductions allowed even if they exceed gross income from business.</p>	<p>§ 179 Expensing — Business Recover business asset costs through immediate expensing. May deduct up to \$2.5 million under (S) 179 for tax years beginning in 2025 (with the phase-out starting at \$4 million of qualifying property)</p>	<p>Home Office Deduction — Personal & Business If part of your home is used regularly and exclusively as your principal place of business, you can deduct a portion of rent, utilities, repairs, insurance, and depreciation.</p>	<p>Vehicle / Mileage / Auto Expense — Personal & Business Deduct actual vehicle expenses or use the standard mileage rate.</p>
<p>Business Travel, Meals, and Entertainment — Business Travel costs are generally deductible; business-meal expenses are typically 50% deductible, except certain meals (like company-wide events / open to the public) may be 100% deductible.</p>	<p>Legal and Professional Fees — Business Deductible when directly related to business, trade, or investment activities.</p>	<p>Rent or Lease of Business Property — Business Deduct rent paid for business property or equipment.</p>	<p>Bonus Depreciation under § 168 — Business May deduct 100% of cost of qualifying property having a recovery period of 20 yrs or less, for assets acquired and placed in service after Jan. 19, 2025 (<i>no fixed dollar cap</i>).</p>
<p>Advertising and Marketing Costs — Business Deductible if directly related to promoting or maintaining your business.</p>	<p>Startup and Organizational Costs — Business Up to \$5K of startup and \$5K of org. expenses may be deducted, with remainder amortized.</p>	<p>Rental Property Expenses — Business Mortgage interest, taxes, maintenance, depreciation, and insurance for income-producing property are deductible.</p>	<p>Business Bad Debt (IRC §166) — Business Deduct debts from customers or clients that become worthless in the ordinary course of business.</p>

T H E L I N E

III) Below-the-Line (Standard & Baseline Deductions)

These apply automatically (if you don't itemize)

<p>Standard Deduction (A) (IRC § 63) — Personal Fixed deduction available to all taxpayers who do not itemize. Amount varies by filing status (Single + MFS: \$15,750, MFJ: \$31,500, HoH: \$23,625).</p>	<p>Additional Standard Deduction for Age 65 / Blindness — Personal Taxpayers 65+, or who are legally blind, may claim an additional standard deduction of \$2K (single or HoH) or \$1,600 per qualifying spouse (MFJ/MFS) in 2025 — the amount doubles if the taxpayer is both 65+ and blind.</p>
<p>“Senior Bonus” Deduction (65+ bonus through 2028) — Personal Under OBBBA, taxpayers 65+ or older may claim an additional deduction of up to \$6K (or \$12K if MFJ and both spouses 65+) for tax years beginning in 2025 (<i>verify income-phase-out rules annually</i>).</p>	<p>Dependent Standard Deduction — Personal If you can be claimed as a dependent, your standard deduction is the greater of \$1,350 or your earned income plus \$450, but cannot exceed the regular standard deduction for a single filer.</p>

IV) Below-the-Line (From AGI / Itemized & Special Post-AGI Items)

Only beneficial if total itemized deductions exceed the standard deduction, plus some special business deductions

<p>Medical and Dental Expenses (IRC § 213) — Personal Deduct unreimbursed medical expenses exceeding 7.5% of AGI.</p>	<p>State and Local Taxes (SALT) — Personal Deduct state sales taxes & real estate/personal property taxes (<i>if you itemize</i>); for tax years beginning in 2025, cap is \$40K (\$20K if MFS), subject to income-based phaseouts.</p>	<p>Home Mortgage Interest (IRC § 163) — Personal When itemizing, and for loans incurred after Dec. 15, 2017 the eligible interest cap up to \$750K (\$375K if <i>married filing sep.</i>) for your primary and one additional home.</p>	<p>Home Equity Loan / Home Equity Line Interest — Personal Deductible only if proceeds are used to buy, build, or substantially improve the home securing the loan.</p>	<p>Points (Mortgage Points) — Personal Deductible upfront or amortized, depending on loan purpose.</p>
<p>Charitable Contributions (Cash and Noncash Gifts) (IRC § 170) — Personal Deduct cash or noncash gifts to qualified charities, subject to AGI limits.</p>	<p>Casualty and Theft Losses (Federally Declared Disasters) (IRC § 165) — Personal Deductible only for losses in federally declared disaster areas.</p>	<p>Qualified Business Income (QBI) Deduction (IRC §199A) — Business Up to 20% deduction for qualified income from certain pass-through businesses.</p>	<p>Impairment-Related Work Expenses (Disabilities) (IRC § 62(g)) — Personal Work expenses for persons with disabilities to enable employment.</p>	<p>Federal Estate Tax on Income in Respect of a Decedent (IRD) — Personal Deduction for estate tax attributable to IRD income.</p>
<p>Bond Premium Amortization (on Taxable Bonds) — Personal Reduces taxable interest income from premium bonds.</p>	<p>Casualty / Losses on Income-Producing Property — Personal & Business Deductible under business or rental loss rules.</p>	<p>Investment Interest Expense (IRC §163(d)) — Personal & Business Interest paid on borrowed funds used for taxable investments is deductible up to net investment income.</p>	<p>Unreimbursed Employee Expenses (limited) — Personal Only deductible for certain groups (reservists, qualified performing artists, fee-basis officials).</p>	<p>Foreign Real Property Taxes (rental/investment) — Personal & Business Foreign property is deductible only if tied to income-producing property.</p>

Tier	Deduction Type	Where It Applies	Tax Form Line
Above the Line (see I & II)	Adjustments to Income	Before AGI	Form 1040, Lines 10–11
T H E L I N E Line 11 of the 1040 = AGI			
Below the Line (see III) (Standard)	Fixed Deductions	After AGI	Form 1040, Line 12
Below the Line (see IV) (Itemized)	Schedule A Deductions	After AGI	Schedule A → Form 1040, Line 12
Special Post-AGI	e.g., QBI (§199A)	After AGI but before taxable income	Form 1040, Line 13

Don't miss this powerful opportunity to potentially maximize your savings and keep more of your hard-earned money!

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