4 Tax Deductions That Can Save You Big Bucks

By Marine Cole,
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If you haven't thought about your taxes since April last year here are four deductions that you could easily miss because of changing or delayed tax laws. Long-form tax filers subtract deductions from their income before they calculate the amount of tax owed.

Although there aren't any new deductions for 2014 taxes, there are some existing ones that can be easily overlooked. There are also some "tax extenders" that weren't renewed at the end of 2013 but that Congress retroactively passed at the end of 2014. The tax extenders are applicable for 2014 but expired on Dec. 31 so they aren't applicable for 2015 unless Congress renews them again – a likely decision since the GOP holds the majority in both houses.

Michael Campbell, tax partner at BDO US, told *The Fiscal Times* that deductions that were retroactively added by Congress are good news but make it difficult for taxpayers to plan ahead and estimate their 2015 taxes. "It's a bit frustrating," he said.

Here are two deductions that are often overlooked:

Health Insurance Premiums

The impact of the Affordable Care Act on 2014 taxes will be costly for some this year, but if you're self-employed, you can deduct your health insurance premiums. The deduction is for medical, dental and long-term care insurance premiums that self-employed people often pay for themselves, their spouse and dependents, according to the Internal Revenue Service.

Mortgage Points

Most people know about the mortgage interest deduction, but if you took advantage of low interest rates to refinance your mortgage and you paid points to lower your rate, you can also deduct the cost of those points. However, you'll need to spread the cost of the points over the life of your mortgage. "People don't usually pay attention to it," said Campbell, adding that taxpayers are usually more focused on deducting mortgage interest payments.

Here are two deductions that were reinstated through tax extenders:

State and Local Sales Tax

Those in states like California or New York can deduct state income taxes, but if you live in a state with no income tax, you can deduct the state and local sales tax instead. This is great news for those living in Florida or Texas. Just remember to keep receipts.

Bonus Depreciation

Small and mid-size business owners can write off 50 percent of the costs of assets they purchased for their business in 2014. They can deduct up to $500,000 of qualifying assets--up from what they initially thought would only be $25,000 before Congress passed the tax extenders.

When added together, all these deductions can significantly help you save real money. So check with your accountant to see if you qualify for these deductions.

Campbell also wants to remind taxpayers that if your deductions total more than the standard deduction every taxpayer receives, which is usually the case if you're a homeowner, you'd be better off filing itemized deductions even if it might be a bit more time consuming.

"If you go beyond that amount, it's to your benefit to itemize," he said.