

Learning how taxes work is a **smart choice** that can help you reach your goals.

Here are some ideas to help your learn how to...

LOWER YOUR TAXES WITH DEDUCTIONS AND CREDITS

You can take a “Standard Deduction”

If you file	Your deduction is
Single	\$ 5,700
Head of Household	\$ 8,350
Married filing jointly	\$ 11,400
Married filing separate	\$ 5,700

Deductions and exemptions lower the amount of your income that is taxed.

For most taxpayers,
**\$1 of deduction
saves 10-15 cents of tax.**

You may also be able to deduct:

- Interest on a student loan
- Retirement savings to an Individual Retirement Account (IRA)
- Teacher expenses
- Moving expenses
- Property taxes
- Sales taxes on a new vehicle

You can deduct an “Exemption” of:

For you	\$ 3,650
For your spouse if married	\$ 3,650
For each dependent	\$ 3,650

CREDIT	MAXIMUM AMOUNT	REFUNDABLE*
Child and Dependent Care	\$2,100	No
Education-American Oppty.	\$2,500	Yes: \$1,000
Education-Lifetime Learning	\$2,000	No
Retirement Savings	\$1,000	No
Child Tax Credit (per child)	\$1,000	Yes/No**
Earned Income-no children	\$457	Yes
Earned Income-one child	\$3,043	Yes
Earned Income-two children	\$5,028	Yes
Earned Income-three children	\$5,657	Yes

Credits lower your tax, dollar for dollar.

**\$1 of credit saves \$1 in tax
and sometimes adds \$1 to your refund.**

*A *refundable credit* is a credit that you can get as part of your refund.

**Yes if child lives with taxpayer 6 months; no if doesn't.

Ask at this **free tax site** about other resources to help you make **smart choices** about tax planning, or contact:

1-800-TAX-1040

www.irs.gov

www.thebeehive.org

All Smart Choices tips can be found at www.Mass211.org

All figures are based on 2009 tables, and are subject to change.

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