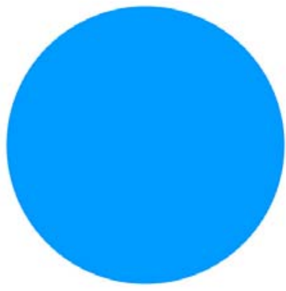

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9 COMMONLY OVERLOOKED TAX BREAKS

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Special to USA Today

Tax time can be stressful. And it's not just gathering forms and filling out confusing paperwork that's a source of tension, but also the gnawing feeling that you're missing something on this year's tax return. A report from the Congressional Research Service estimates about $1.1 trillion in tax breaks last year. The biggies include "home mortgage interest, state and local taxes, charitable gifts, and real estate taxes," according to CRS.

Are you getting your fair share? If not, consider the following nine tax breaks that are commonly overlooked but may allow for big savings this April:

1 Redefining dependents

Monica Rebella, a certified public accountant based in California, says that many filers think only young children can qualify as dependents — and they miss out on big deductions as a result. Qualified dependents can include grandchildren or parents living with you, and even non-relatives who made less than $3,000 in income during the tax year. "This individual cannot be a dependent on anyone else's or even their own tax return," she said — but as long as that's the case, you may be eligible for a big tax break by adding another dependent to your 2014 tax forms.

2 Bad investments are good for deductions

Nobody likes to lose money in their investment account. But thankfully, the IRS allows you to use investment losses to offset possible taxes on capital gains, says John Piershale, a wealth adviser at Piershale Financial Group in Illinois. Furthermore, if you are unfortunate enough to lose a lot of money, don't forget you are able to spread that loss out over future tax returns as well to offset potential future profits down the road. "These losses are allowed to be carried forward indefinitely until you use all of them" for tax breaks, Piershale said.

3 Lower threshold for medical expenses

Piershale reminds seniors that they are exempt from higher thresholds for qualified medical expenses. While recent changes in the tax law dictate that medical expenses must surpass 10% of adjusted gross income for taxpayers under 65, older Americans are still able to use the old 7.5% threshold to qualify for a deduction. In other words, if you are over 65 and have $60,000 in income, then every dollar you spend over $4,500 in medical bills is tax deductible — instead of a floor of $6,000 for younger taxpayers at the same income level.

4 Moving for a job

As the U.S. economy recovers, there are more jobs out there — but sometimes not in your own backyard. Thankfully, if you relocate more than 50 miles away for a new job opportunity, you can deduct your moving expenses — including even some expenses incurred for moving family pets.

5 Losses are a tax gain

"Casualty" losses to fire or flood as well as losses to theft are never enjoyable. However, the tax man is willing to give you a break by writing off your losses. Even landscaping expenses associated with clearing and replacing trees downed in a bad thunderstorm can count.

6 Points on a mortgage

Did you buy a house in 2014, and also pay "points" on that transaction to lock in a lower rate? If so, that expense is tax deductible. Paying points on a refinancing is tax deductible as well, but taxpayers must spread out that deduction across the term of the new mortgage. In other words, if you pay $3,000 in points to refinance into a new 15-year mortgage, you get to deduct $200 each year.

7 Other people's medical bills count

When adding up your medical expenses, remember those payments made for others. "Many families are not aware that paying medical bills directly to doctors on behalf of others are deductible medical expenses including any mileage to take the person to the doctor," Rebella said. "This is especially true with parents."

8 Military reserve expenses

If you're a member of the National Guard, travel expenses for your drills and meetings may be tax deductible. According to the IRS, "travel must be overnight and more than 100 miles from your home" — but if it is, you can deduct lodging, some of your meal costs and even mileage on your car.

9 Alimony can count

Divorce can be messy. But if you and your ex have stopped filing joint returns and you made cash payments to her or him under the terms of a divorce in 2014, at least that alimony is tax deductible. Note, however, you cannot write off non-cash property settlements with your former spouse that include a car or a TV. Also remember that alimony involves your ex and not the kids — so don't attempt to write off any child-support payments, because child support is separate and not deductible.

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