

University of Mississippi

eGrove

Guides, Handbooks and Manuals

American Institute of Certified Public
Accountants (AICPA) Historical Collection

1985

50 Tax Facts: A Guide to Filing Your 1985 Income Tax Return

American Institute of Certified Public Accountants (AICPA)

Follow this and additional works at: https://egrove.olemiss.edu/aicpa_guides



Part of the [Accounting Commons](#), and the [Taxation Commons](#)

Recommended Citation

American Institute of Certified Public Accountants (AICPA), "50 Tax Facts: A Guide to Filing Your 1985 Income Tax Return" (1985). *Guides, Handbooks and Manuals*. 1057.

https://egrove.olemiss.edu/aicpa_guides/1057

This Book is brought to you for free and open access by the American Institute of Certified Public Accountants (AICPA) Historical Collection at eGrove. It has been accepted for inclusion in Guides, Handbooks and Manuals by an authorized administrator of eGrove. For more information, please contact egrove@olemiss.edu.

50 TAX FACTS

Knowing these 50 tax facts can lower your 1985 federal income tax liability. But these 50 facts represent a small fraction of your CPA's knowledge.

To get all the facts about your 1985 federal income tax return, ask the expert:

Your CPA.

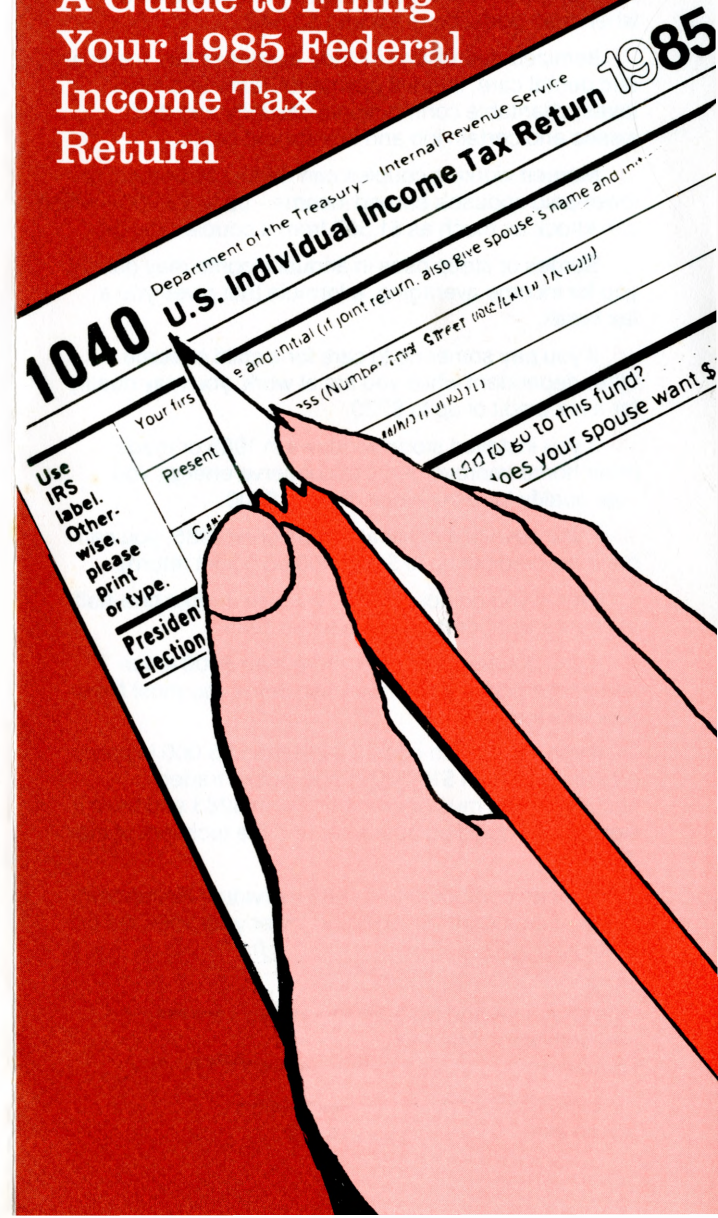
A service of
Certified Public Accountants
your professional tax advisors

Copyright © 1985 by the
American Institute of Certified Public Accountants

889308

50 TAX FACTS

A Guide to Filing
Your 1985 Federal
Income Tax
Return



Knowing these **50** can lower your 1985 federal income tax liability

TAX FACTS

1. President Reagan's tax reform plan will not affect your 1985 tax return.
2. IRS provides copies of old returns for \$4.25 each.
3. Single people should itemize when their deductions exceed \$2,390.
4. Married persons who file jointly should itemize when their deductions exceed \$3,540.
5. Itemized deductions include expenses for: medical and dental care, interest payments, state and local taxes, charitable contributions, casualty and theft losses and certain job and investment costs.
6. Married working couples can deduct 10 percent of lower-paid spouse's earned income – up to \$3,000 – which can knock as much as \$1,500 from a couple's tax bill.
7. Surges or steep rises in annual income may qualify you for income averaging, a formula that gives you a tax break.
8. If you pay someone to care for a child or some other dependent while you are at work, you may qualify for a tax credit of up to \$720.
9. If you installed storm windows in 1985 or made other home improvements to conserve energy, you may qualify for a tax credit of up to \$300.
10. If you gave to a political campaign in 1985, you can get a tax credit of up to \$50 (\$100 on a joint return).
11. Even if you do not itemize, you can deduct one-half of charitable contributions made in 1985.
12. If you donated to charity more than \$500 in furniture, clothing or other non-cash items you must file a new IRS form – 8283.
13. If you donated to charity more than \$5,000 in property or more than \$10,000 in non-public traded securities, you must report it on Form 8283 and have it signed by a qualified appraiser and the recipient of the donation.
14. You can contribute to a 1985 Individual Retirement Account until April 15, 1986 and lower your 1985 tax bill while saving for retirement.
15. You can contribute up to \$2,000 of your 1985 earnings to an IRA and twice as much if you are married and both work. Married persons – when only one spouse works – can contribute up to \$2,250.
16. Even if you apply for an extension for filing, there are no extensions to the IRA contribution deadline.
17. You can contribute to an IRA even after you begin making withdrawals, as long as you have earned income or receive alimony and are under age 70½.
18. If you are self-employed, you can contribute to a KEOGH retirement account until your tax filing deadline. The KEOGH contribution deadline is extended by an extension on filing.
19. Custodial fees for IRA or KEOGH accounts are deductible if paid with funds outside the account.
20. You can get a four month extension on filing and incur no late payment or filing penalties, if you pay at least 90 percent of your 1985 tax liability by April 15. But you must pay interest on any taxes owed.
21. Medical expenses that exceed five-percent of adjusted gross income are deductible.
22. Trips to the doctor are deductible. Use the standard mileage deduction of nine cents a mile or deduct the actual cost of transportation for medical treatment.
23. If you take an overnight trip to get medical care, you can deduct up to \$50 a day for lodging yourself and a person who accompanies you.
24. Prescription drugs are deductible.
25. Eyeglasses and contact lenses are deductible.
26. One of the best tax guides ever written is available at no charge from the IRS. It's called Publication 17.
27. You can deduct 21 cents a mile for the first 15,000 miles of business driving and 11 cents for each additional mile, according to a new standard mileage rate.
28. If your actual auto expenses plus depreciation deductions are greater than your standard mileage rate deduction, deduct those expenses instead.
29. When deducting driving costs and using the standard mileage rate, the cost of parking and tolls can be added on.
30. You can claim an investment credit on a car that was purchased in 1985 if it's used for business more than 50 percent of the time.
31. The first \$100 of dividends you received in 1985 is not taxed.
32. You pay no state or local taxes on interest from Treasury bills, U.S. Savings Bonds and other U.S. obligations.
33. You can deduct the cost of a safe deposit box used to store investment-related documents.
34. You can deduct transportation costs for trips to your investment advisor.
35. Two different long-term capital gains holding periods apply to investments sold in 1985.
36. To get favorable long-term capital gains treatment on an investment purchased on or before June 22, 1984, the investment must have been held for more than a year.
37. To get favorable long-term capital gains treatment on an investment purchased after June 22, 1984, the investment must have been held for more than six months.
38. Tax indexing goes into effect for the first time in the 1985 tax year. Tax brackets, zero bracket amounts and exemptions are adjusted for inflation.
39. To qualify for home office deductions, a part of your residence must be used regularly and exclusively for business.
40. You can deduct the cost of traveling between two jobs.
41. If you travel directly to school from work and the schooling is for your job, you can deduct the transportation costs.
42. Life insurance proceeds are usually not taxable.
43. You can deduct casualty and theft losses that exceed 10 percent of your adjusted gross income.
44. To be deductible, a casualty to your property must have been caused by a sudden, unusual and destructive force.
45. The IRS matches figures on your return with information it receives from your employers, banks, brokers and other payers.
46. The IRS audits fewer returns every year, but the audits uncover larger amounts of unpaid taxes.
47. The most common mistakes people make when filing are mathematical.
48. Other common errors: not listing a Social Security number and incorrectly reading the tax table.
49. More people than ever are using professional tax return preparers.
50. You can deduct the cost of hiring a CPA to prepare your tax return.