

Additional Standard Deduction for Real Estate Taxes

The IRS wants taxpayers who pay state or local real estate taxes but don't qualify to itemize their tax deductions, to know that they may qualify for an increased standard deduction. This is the last year that the higher standard deduction for real estate taxes is available.

Here are six things you need to know about the higher standard deduction for real estate taxes:

1. The additional deduction amount is equal to the amount of real estate taxes paid, or \$500 for single filers or \$1,000 for joint filers, whichever is less.
2. The taxes must be imposed on you.
3. You must have paid the taxes during your tax year.
4. The taxes must be levied for general public welfare on the assessed value of the real property and charged uniformly on all property under the jurisdiction of the taxing authority. Many states and counties also impose local benefit taxes for improvements to property, such as assessments for streets, sidewalks and sewer lines. These taxes usually cannot be deducted.
5. Real estate taxes paid on foreign or business property do not qualify for the increased standard deduction.
6. You must file a Form 1040 or 1040A and attach Schedule L, Standard Deduction for Certain Filers, to claim the increased deduction. When claiming the higher standard deduction for real estate taxes, be sure to check the box on line 40b of Form 1040 or line 24b of Form 1040A.