

# Business

Barry Jensen editor/591-2300



Thursday, March 22, 1984 O&amp;E

(S.F. Ro-6C)Q7C

## Look at tax credits

One important way to save on your 1983 taxes is to offset taxes dollar-for-dollar by obtaining tax credits. Here are some pointers.

**CHILD CARE.** Working couples and single parents who must pay for child care so they can hold a job can get help from the IRS. Depending on your income, you can get a credit of 20-30 percent of the care cost, limited to expenses of \$2,400 for one child under age 15 and \$4,800 for two or more. The credit also covers care for a disabled spouse or a dependent of any age if disabled. The care does not have to be in your home, and you can hire a family member as long as he or she is not a dependent or one of your children younger than 19. You should note that the credit cannot be based on expenses larger than your compensation.

**SOCIAL SECURITY.** If you worked for more than one employer in 1983, too much Social Security tax may have been withheld from your pay. Claim a credit for any excess over \$2,391.90.

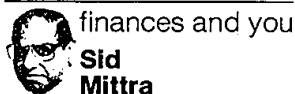
**ENERGY.** Even though you previously accumulated the maximum \$300 credit for adding insulation, storm windows and other energy-saving items to your home, you can start fresh if you moved into another home last year. The credit is 15 percent of the first \$2,000 in outlays on a principal residence built before April 30, 1977. Another credit is for 40 percent of the first \$10,000 spent on solar and other renewable energy equipment, regardless of when the home was built. Even if you do not claim deductions or credits, you can still save tax.

**MOVING.** You may be able to cut taxable income by subtracting moving costs if you changed jobs. Included can be up to \$1,500 for house-hunting and temporary living expenses.

**IRAs.** Until April 15 you can make a deposit to an IRA for 1983 and get a tax break for that year. If your spouse was not employed, you can put a total of up to \$2,250 into IRAs for both of you. If both spouses work, each can put in up to \$2,000.

**INCOME AVERAGING.** If your 1983 income jumped sharply over the average for the previous four years, you may save by using a procedure that lets you treat part of 1983's income as if it were earned over five years. This reduces the burden of being in a higher tax bracket. A single person whose taxable income rose steadily from \$12,000 to \$38,000 over five years could save \$534 by averaging.

**CHARITABLE GIFTS.** People who do not itemize can still get a small deduction for donations. For 1983, it is up to 25 percent of the first \$100, but because of the way most tax is levied in steps, that may not cut your tax bill.



finances and you

**Sid Mittra**

**BUSINESS TRAVEL.** If you traveled on your job and were not reimbursed, you can write off the cost. Also covered may be travel to look for a new post. If you used your car, you can typically deduct 20.5 cents a mile for the first 15,000 miles a year and 11 cents a mile after that. Or claim actual costs, including insurance, depreciation and upkeep. In addition, you can claim an investment credit if you bought a car.

**EDUCATIONAL SEMINAR:** The Observer & Eccentric Newspapers and the Coordinated Financial Planning staff will sponsor a seminar 8-9:30 p.m. Tuesday, April 3, at the Kingsley Inn, 1475 N. Woodward, Bloomfield Hills. This seminar will include important aspects of financial planning. The seminar is free, but registration is required. For more details, call 643-8888.

Sid Mittra is president of Coordinated Financial Planning Inc., Troy, and a professor of economics and management at Oakland University, Rochester.

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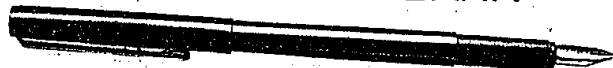
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