

Deducting Some Misery From Tax Time

For many Americans, one of the most stressful days of the year is just ahead. Tax deadline is Tuesday, and if you're one of the millions still scrambling to file, the Internal Revenue Service has a few suggestions that could help.

But to take advantage of more meaningful deductions that the IRS doesn't like to publicize, a tax expert may help make the process less painful.

Most of us are familiar with federal deductions such as moving expenses or charitable giving, including deductions for items like clothes and furniture.

But the persistent filer can find some unusual ways to recoup what Uncle Sam has taken away: like deductions for shipping your pet across the country, or hot tubs for those who can get a doctor to sign off on their medical soaking needs, or the cost of mouth therapy by playing a musical instrument for some who have recently had work done by an orthodontist.

Or, if you've racked up whaling expenses in 2013, you may be able to deduct as much as \$10,000.

Kathy Pickering, vice president of the Tax Institute at H&R Block, said deduction requests run the gamut.

"A body builder wanted to know if he could take posing oil as a legitimate business expense for his business, and in that set of circumstances, that was OK," Pickering said.

For others, relieving the tax burden is more serious. The IRS sends out more than 5 million of the dreaded 1099-C forms every year.

The form is to declare tax on the forgiveness of debt. That

means millions are paying taxes on income that doesn't exist.

Dan Pilla, author of the book, *How to Eliminate Taxes on Debt Forgiveness*, recently described on The 700 Club how little-known rules allow for a way out for many people who have gone through the nightmare of financial ruin.

"The rule is, if you are insolvent as of the day the debt is forgiven, then that cancellation of debt is not taxable income," Pilla explained.

He said the government and creditors don't make insolvent taxpayers aware of a form that could help.

"So if you get one of these 1099-Cs, as millions of people will do here—already have for this filing season, there's a form you can put with your tax return that expresses what these exceptions are so you don't get taxed on it," Pilla said.

That makes it essential that those who qualify make their own case to the government.

As the tax code becomes increasingly complex and oppressive for those who pay taxes, it's more important than ever to have help in navigating the bureaucratic jungle.