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TEACHERS SHOULD SAVE RECEIPTS FOR NEW TAX DEDUCTION

The Internal Revenue Service advises teachers to save their receipts for purchases of books and classroom supplies. These out-of-pocket expenses may lower their taxes, thanks to a recent change in the law.

The new deduction is available to eligible educators in both public and private elementary and secondary schools. They must work at least 900 hours during a school year as a teacher, instructor, counselor, principal or aide.

Taxpayers may subtract up to \$250 of qualified expenses when figuring their adjusted gross income (AGI). They will not need to itemize deductions to get this benefit. Prior to the change in the law, educators could take such expenses only as miscellaneous itemized deductions, which must be reduced by two percent of AGI.

Educators who excluded education savings bond interest or payments from qualified tuition programs, or made tax-free withdrawals from an education savings account, will be able to claim the new deduction only to the extent their qualified expenses exceed the tax-free amounts.

The IRS suggests that educators keep records of qualifying expenses in a folder or envelope with a label such as "Educator Expenses Deduction," noting the date, amount and purpose of each purchase. This will help prevent a missed deduction at tax time.

Details on this and other new tax law changes are in IRS Publication 3991, "Highlights of the Job Creation and Worker Assistance Act of 2002," available on the IRS Web site at www.irs.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

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