

6. **Earned Income Tax Credit:** If your income is less than \$57,000, you could receive credit between \$500 and \$6,000.
7. **Charitable Donations Deduction:** You can subtract the value of your charitable donations for the year from your taxable income.
8. **Medical Expenses Deduction:** You can deduct certain medical expenses (unreimbursed) that are more than 7.5% of your gross income for the tax year
9. **Deduction for state and local taxes:** You can deduct a maximum of \$10,000 for combined property taxes and state/local income taxes or sales taxes
10. **Self-employment Expenses Deduction:** If you are self-employed, there are a number of business deductions you can make
11. **Saver's Credit:** Depending on your filing status and income, you could take between 10% and 50% off of up to \$2,000 in contributions to a 401(k), 403(b) or IRA retirement plan.
12. **Educator Expenses Deduction:** If you're a teacher, you can deduct up to \$250 for classroom supplies.

Owing & Paying Taxes

There are a number of reasons why you might end up owing taxes:

1. **Withholding too little:** The amount withheld from your paycheck each pay period is an estimate of what you'll owe in taxes when it is time to file. If you overpay or "over-withhold," you will receive a tax refund. If you do not pay enough or "under-withhold," you'll have to pay the IRS additional tax money.
2. **Filing late:** If you file late and don't get a tax extension in time, you may owe late fees and interest that will make your tax bill higher.
3. **Changes in tax code:** New tax laws can put you in a different tax bracket, which can affect whether you get a refund or whether you owe the IRS.
4. **Higher income:** If your income increases, so too do your taxes. If you get moved up a tax bracket due to an increase in wages, you may have to pay more in taxes than previously.
5. **Changes in deductions:** You may owe taxes because you no longer qualify for certain credits or deductions, such as earned income credit or the child tax credit.¹³³

¹³³ Lauren Ward. "5 Common Reasons Why You Might Owe Taxes This Year." *Go Banking Rates*, March 18, 2021. <https://www.gobankingrates.com/taxes/filing/why-do-i-owe-taxes/>