INTERNAL REVENUE SERVICE

IRS News Release

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Educators Should Save Receipts for Reinstated Deduction

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WASHINGTON — The Internal Revenue Service today advised teachers and other educators to save their receipts for books and other classroom supplies. They will be able to deduct up to $250 of such expenses again this year, following recently-enacted legislation.

The Working Families Tax Relief Act of 2004 reinstated the educator expense deduction, which had expired at the end of last year, for both 2004 and 2005. Expenses incurred any time this year may qualify for the deduction, not just those since the Act was signed on October 4.

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

An educator may subtract up to $250 of qualified out-of-pocket expenses when figuring adjusted gross income (AGI). This deduction is available whether or not the taxpayer itemizes deductions on Schedule A.

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

For more information, call the IRS Tele-Tax system toll-free at 1-800-829-4477 and select Topic 458. Or go to the IRS Web site at *www.irs.gov* and use its search engine to find Tax Topic 458.

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