



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF
CHIEF COUNSEL

April 27, 2011

Number: **2011-0038**
Release Date: 6/24/2011

CONEX-112497-11

UIL: 63.01-00

The Honorable Harry Reid
United States Senate
Washington, DC 20510

Dear Senator Reid:

I am responding to your inquiry dated March 11, 2011, on behalf of your constituent, asked about the additional standard deduction for personal property taxes.

As requested, I responded directly to _____ and told him you had written on his behalf. I am enclosing a copy of my response.

I hope this information is helpful. If you have any questions, please contact me or _____, Identification Number _____ at _____.

Sincerely,

Michael J. Montemurro
Chief, Branch 4
Office of Associate Chief Counsel
(Income Tax and Accounting)

Enclosure



OFFICE OF
CHIEF COUNSEL

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

April 27, 2011

CONEX-112497-11

UIL: 63.01-00

Dear _____ :

I am responding to your inquiry to Senator Harry Reid. Senator Reid wrote to us on your behalf and asked us to reply to your e-mail. You asked why taxpayers may no longer increase their standard deduction by personal property taxes on the 2010 Schedule L. Because a taxpayer can only deduct personal property taxes on Schedule A of Form 1040, I presume you were referring to real estate taxes.

In determining regular tax liability, taxpayers can take an itemized deduction for certain state and local taxes they pay, including individual income taxes, real estate taxes, and personal property taxes. In 2008, the Congress changed the law to permit a taxpayer who did not itemize deductions on Schedule A of Form 1040 to claim an additional standard deduction for real estate taxes (section 63(c)(7) of the Internal Revenue Code (the Code)). A taxpayer could increase his or her standard deduction by \$500 (\$1,000 if married filing jointly) attributable to real estate taxes paid during the year. The Congress, however, limited this deduction to years beginning in 2008 or 2009. For tax years beginning in 2010, a taxpayer must itemize deductions to claim the deduction for state and local taxes described above.

I hope this information is helpful. If you have any questions, please contact me or _____, Identification Number _____, at _____.

Sincerely,

Michael J. Montemurro
Chief, Branch 4
Office of Associate Chief Counsel
(Income Tax and Accounting)

cc: The Honorable Harry Reid