Things to Remember at Tax Time

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April 15th is approaching and it is time to begin crossing T's and dotting I's in preparation for paying taxes. As tax time draws near, you want to make sure you file all the proper forms and take all deductions you're entitled to. Following are some things to keep in mind as you prepare your tax form.

- **Gifts**. Did you give away any money this year? The gift tax can be very confusing. If you gave away more than $12,000 to any one person in 2008, you will have to file a Form 709, the gift tax return. This does not necessarily mean you will owe taxes on the money, however. Click here for more information.

- **Medical Expenses**. Many types of medical expenses are tax deductible, from hospital stays to hearing aids. To claim the deduction, your medical expenses have to be more than 7.5 percent of your adjusted gross income. This includes all out-of-pocket costs for prescriptions (including deductibles and co-pays) and Medicare Part B and Part C and Part D premiums. (Medicare Part B premiums are usually deducted out of your Social Security benefits, so be sure to check your 1099 for the amount.) You can only deduct medical expenses you paid during the year, regardless of when the services were provided, and medical expenses are not deductible if they are reimbursable by insurance. Click here for more information.

- **Parental Deduction**. If you are caring for your mother or father, you may be able to claim your parent as a dependent on your income taxes. This would allow you to get an exemption ($3,500 in 2008) for him or her. Click here for more information.

- **Long-Term Care Insurance Premiums**. Premiums for "qualified" long-term care policies are treated as an unreimbursed medical expense. Long-term care insurance premiums are deductible for the taxpayer, his or her spouse and other dependents. Click here for more information.

- **Social Security Benefits**. Although Social Security benefits are generally not taxable, people with substantial income in addition to their Social Security may pay taxes on their benefits. If you file a federal tax return as an individual and your "combined income," including one half of your Social Security benefits and nontaxable interest income is between $25,000 and $34,000, 50 percent of your Social Security benefits will be considered taxable. If your combined income is above $34,000, 85 percent of your Social Security benefits is subject to income tax.

- **Real Estate Taxes**. If you don't have enough deductions to itemize, you can still increase the amount of your standard deduction by the amount of your real estate taxes up to $500 ($1,000 if filing jointly).

- **Home Sale Exclusion**. Married couples can exclude from income up to $500,000 in profit on the sale of a home ($250,000 for single individuals). If a surviving spouse sells the home, he or she can still claim the exclusion as long as the house was sold after 2007 and no more than two years after the spouse's death. Click here for more information.

- **Elderly or Disabled Tax Credit**. Some low-income elderly or disabled individuals are entitled to a special tax credit. To be eligible, you must meet income limits. For more information, click here.

The IRS's Tax Counseling for the Elderly (TCE) Program offers free tax help to taxpayers who are 60 and older. For more information, click here. The IRS also publishes a Tax Guide For Seniors.