

“Tax Savings Revisited”

By Tommy Williams, CFP®

Tax season is upon us. That means we could all use some entertainment. While many folks dread the process of completing and filing taxes, some see it as an opportunity to test the boundaries of the system. Here are a few deductions Americans have taken that have failed to pass muster in tax court, courtesy of *Kiplinger.com*:



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- **You cannot deduct the cost of a good night’s sleep.** A tax preparer who worked from home escaped to a hotel because her clients were calling in the wee hours of the night and causing her to lose sleep. When she attempted to take a business deduction for the hotel expense, the

tax court ruled a good night’s sleep is a non-deductible personal expense.

- **You cannot take a theft loss deduction for poor construction.** A couple moved into their newly built dream home only to realize the builder had cut some corners. The house had some serious issues, including its foundation. The couple claimed the builder had defrauded them and took a large theft loss deduction. While taxpayers can deduct losses from a home-related theft, shoddy construction doesn’t qualify.
- **You cannot take a depletion deduction for bodily fluids.** A woman earned \$7,000 a year donating blood plasma because of her rare blood type. She took a depletion deduction, claiming “the loss

of both her blood’s mineral content and her blood’s ability to regenerate,” wrote *Kiplinger*. While companies that take coal, iron, and other minerals from the ground can take a depletion deduction, the tax court ruled that individuals cannot claim depletion on their bodies.

- **You cannot deduct a business trip if there are no formal business meetings involved.** A repo firm sponsored a trip to Las Vegas for its bank customers. The firm’s employees chatted with clients about business on the way to Vegas, but no formal meetings were held. The tax court denied the deduction.

Forbes included several more to add to the list; however, these may be less (or more) surprising:

- **You cannot deduct a gym membership or weight loss program unless it is used to treat a diagnosed disease or condition.** *“The program must be specifically ordered by your doctor: if your doctor merely advises you to lose some weight or up your activity level to protect your health, that’s not sufficient. Remember that you still have to meet the applicable thresholds to claim the deduction which means that you must itemize on a Schedule A and your deductible medical expenses are only those that exceed 10% of your adjusted gross income (AGI).”*

support is never deductible: it is tax neutral. It is not tax deductible to the payor nor taxable to the recipient. However, spousal support is both tax deductible to the payor and taxable to the recipient.”

If you’re considering a brave attempt to deduct the cost of removing that impulsive tattoo you got back in college so you can keep your job, you might want to consult with a tax professional. Besides, your boss might not even notice the word “DEADHEAD” inked on across your neck!

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- **You cannot deduct child support.** *“Okay, this one is a little bit of a cheat. While most of the deductions on the list could, under some circumstances, be shoe-horned into a deductible position, child*