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Lasalle county property tax exemptions

Tax-free - is there a more beautiful unifying adjective in English? Since the first income tax was collected in 1913, the U.S. Tax Code has included additional exemptions for individuals and organizations in order to reduce their tax burden. Let's start by defining what is and isn't a tax exemption. Tax exemptions are not the same as tax deductions, even though they achieve the same thing: a reduction in your taxable income. To further confuse things, exemptions and deductions sit right next to each other on tax form 1040 (lines 40 and 42). How exactly is it different? Tax exemptions represent a fixed amount that all taxpayers can claim on their behalf, spouses and dependants. Reductions, on the other hand, vary from taxpayer to taxpayer. They vary depending on your deposit status, whether you request the standard discount, or the nature of your personal and business expenses, if you detail your bookings. Over the years, Congress has recognized certain types of taxpayers and certain types of organizations as tax-free. Organizations must apply for tax-exempt status, but people can qualify depending on how much money they make, whether they are foreign students and other criteria. Keep reading to find out if you could use tax breaks to save even more money on your income taxes. Contents The personal exception is like a free gift from the IRS. But if the whole issue of income taxes is to collect revenue, then why does the government automatically exempt such a healthy chunk of change - \$3,950 in 2014 - from your taxable income? Congress writes the tax code and lawmakers recognize that lower-income Americans are most affected by income taxes. Not that they pay the most - no, that would be the megarich - but losing a few thousand dollars could be the difference between living and homelessness. The personal exemption, as well as the spousal and dependent exemptions, are intended to exempt a certain basic level of income from taxation. When the first income tax was collected in 1913, the personal exemption was set at \$3,000 (more than \$72,000 in 2014 dollars), meaning relatively few people did enough to owe income tax [source: Tax Policy Center]. today's exception is not so generous, but serves the same purpose. Since the exemption is designed to benefit lower income wages, the IRS has phasing out for higher incomes. If you are a single depositor and your adjusted gross income (AGI) is higher than \$254,200, the amount of your personal exemption is reduced by 2 percent for every \$2,500 that your income exceeds this limit. Once the AGI reaches \$376,700, the personal exemption is reduced to zero [source: IRS]. (The AGI is the amount remaining after deducting certain expenses, such as student loan interest or maintenance from your gross income). A married man filing a joint tax return can request an exemption for both spouses of \$3,950 each. The amount of the exemption is reduced if the couple has an AGI total of more than \$305,050, phased out completely to \$427,550 [source: IRS]. If a married couple decides to testify separately, the rules become more difficult. If both spouses earn income, then they cannot ask each other for a spousal exemption. If one spouse earns income, but the other does not, then the working spouse can apply for two exemptions, one for himself and one for the non-working spouse. Advertising If you are filing as head of the household, you must either be unmarried or considered unmarried to qualify. So it seems impossible to claim a spousal discharge. No, it's not like that! Under IRS rules, you are considered unmarried if your spouse did not live with you for the last six months of the tax year, you provided more than half of the cost of maintaining your home, and filed a separate statement. If you meet these criteria, and your spouse did not earn any income, you can still claim a spousal exemption as head of the household, provided that you are supporting at least one child or qualifying relative (see next page for more on this). Some notes on spouse exemptions for widows/widows [source: IRS]: If your husband died during the tax year, you can still request an exemption for him or her. If you remarry the same year your first husband dies, you cannot apply for an exemption for both spouses. The tax code allows you to request personal exemption, spousal exemption and separate exemption for each of your dependent members. Still, it sounds pretty simple, right? Dependent members must mean your children, right? But if that's your only definition, you don't think like the IRS. The organization allows you to claim someone as dependent on you, whether they are either the child who qualifies or your suitable relative. Advertising A qualifying child according to the IRS must be a son, daughter, step-child, step-child, brother, sister, half-brother, half-sister, half-brother, half-sister, or descendant of any of them. A qualifying child must be under 19 years of age (or 24 if a full-time student) and younger than you and your spouse. The child must have lived with you for more than half of the tax year and you must have provided more than half of the child's financial support. A suitable relative, on the other hand, someone you provide financial support for but who doesn't fit the description of a qualifying child — is older than you, for example. A suitable relative doesn't necessarily have to live in your home, as long as you provide more than half of the person's financial support and don't earn more than \$3,900 a year. In a strange twist, a roommate or even a friend can be a special relative if you support them financially and live with you. (As opposed to a relative, roommate or partner must live with you in order to be dependent). Now that we have discussed the personal and household exemptions available to taxpayers, let us talk about a completely different chapter of the tax code: tax-free organisations. Congress recognizes certain types of organizations as contributing to the public good. These organizations — usually, but not exclusively non-profit organizations — can apply to the IRS for tax exemption on any business income. Examples of tax organisations (and the relevant chapter of the tax code) include: Advertising Charities — 501(c)(3)Churches and religious organisations — 501(c)(3)Private institutions — 501(c)(3)Urban leagues and social welfare organisations — 501(c) (4)Business leagues and professional associations — 501(c)(6)Social clubs — 501(c)(7)Veterans' organisations — 501(c)(19) and 501(c)(23)Political organisations (promoting the election of political officials) , not pressure groups) — 527 Even small organisations can benefit. For example, the tax exemption scheme is available for certain childcare organisations in accordance with Chapter 501(k). Let's say you have a little daycare outside your house. If the majority of your clients are people who could not otherwise work without placing their children in childcare, and if you are open to all children within a certain age range, you could qualify as tax-free [source: IRS]. To learn how your organization can obtain tax-exempt status, read the IRS guidelines in publication 557. The Alternative Minimum Tax (AMT) is a poorly understood chapter of the US tax code. In fact, AMT represents a completely separate and parallel set of calculations for the determination of taxable income. The AMT was designed to collect more taxes from wealthy individuals who take advantage of deductions and tax-protected income to reduce their taxable income close to zero. The AMT excludes personal exemptions and certain joint detailed deductions - such as state and local taxes, and childcare credits - when calculating taxable income [source: The New York Times]. If you have many dependents and live in a high-tax state such as California or New York, the AMT can increase your taxable income significantly. By design, the amount of tax due under the AMT will always be higher than under the normal tax code. Advertising If you use tax preparation software, the tax program will run your income through AMT rules and see if you qualify. If you do taxes by hand, you should do the math on form 6251. Because the AMT excludes so many categories of deductions, the IRS offered an AMT exemption. In 2014, the AMT exemption is \$52,800 for individual depositors and \$82,100 for married couples filing jointly [source: IRS]. This exemption is deducted from your taxable income similar to the way the standard deduction is applied under the normal tax system. If you are you are You will have to pay self-employment tax in April, which equates to your contribution to Social Security and Medicare trust funds. (If you work for someone else, these contributions are automatically deducted from each salary and your employer covers half the cost.) But the tax code recognizes that not everyone wants to collect Social Security or Medicare assistance when they retire, and therefore should not be paying into the system. Instead of opening this exemption to all tax objections, the IRS limits the self-employment tax exemption to licensed and ordained clergy members, and members of certain religious orders who have conscientious objections to receiving social services from the government [source: IRS]. This exception is often supported by members of the Amish and Mennonite communities and Christian science professionals. Advertising To claim exemption from self-employment tax, you must apply to the IRS using Form 4361. God speed. Not everyone is required to file a tax return in April. If you earn less than the minimum deposit requirement published by the IRS, you're off the hook. Here's the logic behind the minimum deposit requirement: Every taxpayer has the right to request a personal exemption. Every taxpayer has the right to request the standard deduction. If the taxpayer's income is less than the sum of the personal exemption and the standard deduction, he will not have taxable income. For fiscal year 2014, you were considered exempt from filing federal income taxes if your gross income was less than the following amounts [source: IRS]: Advertising Single filers under 65: \$10,150Single filers over 65: \$11,700Marine filing jointly, both under 65: \$20,300Marine deposit together, a spouse over 65: \$21,500Married deposit together, both spouses over 65: \$22,700Married deposit separately, any age: \$3,950Head of household, under 65: \$13,050K of household, over 65: \$14,600Deforming widow (er) with dependent child, under 65: \$16,350Qualifying widow (er) with dependent child, over 65: \$17,550 Disabled veterans have made a lasting sacrifice for their country. These disabilities can exclude them from better-paid jobs or from paid jobs of any kind. Both federal and state lawmakers recognize the high price that veterans with disabilities have paid, offering a range of tax exemptions specifically for vets with disabilities. At the federal level, veterans with disabilities can exclude all invalidity allowances and pension benefits from their gross income. This includes grants for homes or motor vehicles modified for greater accessibility [source: IRS]. In addition, any money that a disabled veterinarian earns as part of a compensated work treatment program (CWT) is exempt from tax [source: IRS]. Advertising In addition, all 50 states offer some kind of property tax exemption for disabled vets [source: Duncan]. Some states require that the veteran be 100 percent disabled, disabled, others are more generous. In general, state property tax exemptions cover only a portion of the value of the home. Others limit the exemption based on the level of income. Normally, the IRS collects income taxes from everyone who lives and works in the U.S., regardless of nationality. Some lucky foreigners, however, are allowed to live and work in the U.S. without paying a dime in income tax. Individuals working in the U.S. on behalf of a recognized international organization fall into this category. Check out this list of organizations designated as tax-free by the executive order of various U.S. presidents. Among them are well-known entities such as the World Health Organization and the United Nations. But there is also the Pacific Salmon Commission and the International Fertilizer Development Centre. Advertising Employees of these international organizations, as well as their immediate families, are exempt from U.S. income taxes. The same exception applies to foreign citizens holding diplomatic visas to work in consulates and embassies. Both diplomats and their families (spouses and children under the age of 21) are exempt from US income taxes. There is a distinct advantage in filing taxes as a non-resident alien as opposed to a foreign resident. Non-resident foreigners only have to pay income tax on the money they earn from American sources, while foreign residents (legal U.S. residents who are not citizens) owe income tax from all sources, including foreign companies and entities [source: Cussen]. One of the criteria the IRS uses to decide whether a taxpayer is a resident or non-resident alien is how many days they lived in the U.S. during the fiscal year and three previous years. If you're non-American. citizen and you want to pay less in taxes, there is a strong incentive to reduce the official number of days you were in the country. Here's where this particular exception comes in. If you're non-U.S. citizen temporarily in the country as a teacher or trainee (holding a J or Q visa), you can exclude all days you lived here. In other words, if you lived the entire year in the U.S. on a J visa while teaching at a university, you can still qualify as a non-resident foreigner for tax purposes. You must submit form 8843. The same exception covers an even smaller group of potential taxpayers: foreign professional athletes. If you are an Australian rugby player in the US for an international tournament, none of these days count towards your entire days of stay. A lot of Americans don't think about them, accounts by the new year. But there are things you need to do before December 31 if you want to pay less later. Seriously, though. I would love to be a fly on the boardroom wall when poor IRS writers sit down to compose their annual filing instructions. I'm 100 percent sure it's not their intention to create the most complicated and confusing in English, but it's hard to tell from the results. The real culprit, I know, is not the IRS itself, but the 4 million-word tax code it's trying to explain. There are so many conditions to fix, and so many warnings and special cases to decipher, that there is no way to be short and simple. Also, your audience is so incredibly diverse - from wealthy households with holiday properties and foreign earnings stocks, to struggling families surviving with government help. This is how we get a definition of depends that spans two pages and still doesn't address every possible way that a person may depend on your finances. So my heart goes out to the mocked IRS, even as I mercilessly make fun of their forms. Why do I feel in control over my future? Related articles Cussen, Mark P. Tax rules for residents and non-resident foreigners. Investopedia (October 31, 2014) Kimberley. Full list of property tax exemptions by state. Veterans United Network. 23 August 2014 (31 October 2014) . Some payments to disabled veterans are excluded tax-free; Some may be due refunds. 12 December 2007 (31 October 2014) -Some-May-Be-Due-RefundsIRS. Form 4361, Application for exemption from self-employment tax for use by ministers, members of religious classes and Christian science professionals (31 October 2014) . H. IRC 501(k) — Organization of Child Care (31 October 2014) . In 2014, the various tax benefits increased due to inflation adjustments. 13 October 2013 (31 October 2014) -Various-Tax-Benefits-Increase-Due-to-Inflation-AdjustmentsIRS. Information for veterans with disabilities (October 31, 2014) . Personal exemptions and dependent members (31 October 2014) . 501 (October 31, 2014) New York Times. An incomplete fix. 13 January 2013 (31 October 2014) Policy Centre. Alternative Minimum Tax (AMT) (October 31, 2014) Policy Center. Taxation and family: What is the personal exemption? October 2014)