

Subject 406

Miscellaneous Expenses

Certain employee expenses, expenses for producing income, and other qualifying expenses are deducted as miscellaneous itemized deductions on Form **AR3**. Most miscellaneous deductions are subject to a 2% limit. This means you must subtract 2% of your adjusted gross income from the total miscellaneous deductions. The 2% subtraction is applied after all other deduction limits are considered.

Some expenses subject to the 2% limit include:

1. Dues paid to professional societies.
2. Required employment-related educational expenses.
3. Home office expenses required by your employer.
4. Expenses of looking for a new job within the same trade or business.
5. Professional books or journals.
6. Union dues and fees.
7. Mileage plus 50% of business meals and entertainment from **AR2106**.
8. Legal fees to collect taxable income (such as alimony).
9. Safe deposit box rental if used to store taxable income-producing stocks, bonds, or investment-related papers. (Not deductible if only used for jewelry or personal items.)
10. Amount paid to have your previous year's tax return prepared.

Some miscellaneous items you cannot deduct are:

1. Commuting expenses going to and from work.
2. Fines and penalties you paid for violating a law.
3. Burial or funeral expenses.
4. Losses from sale of your home.

Gambling losses are deductible, but you cannot deduct more than the gambling winnings you report as income. This deduction is not subject to the 2% limitation. (See Subject 208 for more information on gambling income and deductions.)

Beginning with tax year 2014, **volunteer firefighters** may deduct unreimbursed expenses of firefighting equipment required by the volunteer fire department and/or loss of value of

personal property damaged or destroyed during volunteer firefighting activities. **This deduction is not subject to the 2% limitation.** To qualify, you must have received less than \$5,000 total compensation for the taxable year from the volunteer fire department you served. This deduction may not exceed \$1,000 per volunteer firefighter.