Floridians get a break in latest deal

By Donna Gehrke-White, Sun Sentinel

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Congress acted like a tardy Santa, giving out unexpected last-minute tax breaks — and Floridians were among the big beneficiaries.

In both 2012 and 2013, Florida taxpayers get to deduct state and local sales tax from their federal income taxes if they itemize deductions. Congress also gave out tax breaks to teachers, college students, adopting parents, homeowners who need to buy private mortgage insurance and builders constructing energy-efficient homes.

"Every little bit helps," said Boca Raton accountant Keith Spritz.

He sent out a lengthy e-mail to clients, detailing the tax changes Congress hammered out into the new year. Many of his clients expressed relief, telling him, "It wasn't as bad as it could be," Spritz said.

Still, most Floridians will end paying more in taxes in 2013 — and it's not just the wealthy who now face the higher 39.6 percent tax rate if they earn $450,000 as a couple or $400,000 for singles.

Congress allowed the 2 percent cut in Social Security taxes to expire and now workers will pay $1,000 more a year, for example, if their annual salary is $50,000.

"That's one of the bad things — you'll have less disposable income," said Plantation accountant Sheri F. Schultz.

But many low-wage workers will get a break: Their Social Security tax increase will be offset by Florida's minimum wage going up 12 cents to $7.67 an hour as of Jan. 1, said economist William B. Stronge, a professor emeritus at Florida Atlantic University.

"It helps those who need it most," he said.

Many middle-class Floridians who have deducted mortgage interest and other tax-deductible expenses for years now will be able to deduct with less fear of the alternative minimum tax kicking in, Schultz added. Congress raised the AMT exemption from $45,000 to $78,750 for married couples and from $32,000 to $50,600 for single filers.

Spritz also outlined other breaks that Congress gave to taxpayers:
Floridians will be able to deduct sales tax from their federal income taxes, since the state doesn't have an income tax. Floridians will be able to deduct sales tax from a large-ticket item purchase such as a car as well as the sales tax standard deduction.

Students get up to $2,500 a year with the American Opportunity tax credit. It covers the first $2,000 of a student's qualified education expenses and 25 percent of the next $2,000.

Workers don't have to pay taxes on up to $5,250 a year on the financial help they receive from their employer to go to school or obtain training. They also get tax-free up to $240 a month from their company to pay for public transportation.

Teachers get a $250 deduction for buying classroom materials, even if they don't itemize on their federal taxes.

Homeowners can deduct qualified premiums of private mortgage insurance or PMI from their federal taxes.

Parents can receive up to a $10,000 credit for adopting.

Builders qualify for a credit of up to $2,000 for each energy-efficient home they build.