

How to Maximize Your Itemized Tax Deduction for 2024 & 2025

Each year you have the option of claiming the Standard Deduction or the Itemized Deduction. For many people, the ‘standard’ option is the better answer. But if you see yourself in one of these bullet points below, then understanding the itemized deduction can help reduce your tax liability. *If you have filed your tax returns, consider if amending for a refund could be a beneficial next step.*

Do any of these points describe you?

- Paying interest on a home mortgage (or two home mortgages)
- Paying state and local taxes (SALT), including real estate, income, or sales taxes
- Donations of cash or property to charitable organizations
- Medical bills in an amount exceeding 7.5% of your income

We will discuss the above set of points which are more commonly applicable, but less commonly understood. The set below are less common, and talking to a pro could benefit you if they apply.

- Paying interest on a loan used to purchase taxable investments
- Endured casualty and theft losses in a federally declared disaster zone
- Required to repay amounts back to an employer or unemployment, or in legal settlement
- You have income from inherited assets from an estate which itself paid federal estate tax
- Incurred gambling losses which can offset your gambling winnings

Let’s Do Some Quick Math to Determine Your Standard Deduction.

Take a look at the below guide to find your standard deduction for 2024 or 2025. (Note that for 2025 there will be additional deductions for seniors, tips, overtime, and car loan interest, but they are allowed regardless of the standard / itemized decision, and so are not relevant for this article.)

Standard deduction, base amounts	2024	2025
Single, or Married Filing Separately	14,600	15,750
Married Filing Jointly, or Qualified Surviving Spouse	29,200	31,500
Head of Household	21,900	23,625
Additional amounts for Age 65+ and/or Blindness	2024	2025
Single, or Head of Household	1,950	2,000
Married Filing Jointly (per person, so can be x2)	1,550	1,600
Married Filing Separately	1,550	1,600
Qualified Surviving Spouse	1,550	1,600

Note that for “Qualifying Surviving Spouse” or “Head of Household” you must have a dependent. Also, note that the 2025 numbers have been updated following passage of the OBBBA of 2025.

Examples:

- Person filing single, age 70, legally blind, would have a 2024 standard deduction of \$18,500.
- Couple filing jointly, one 62, one 72, would have a 2024 standard deduction of \$30,750.

Let's Do Some More Math to Estimate Your Itemized Deduction.

Now that you know your standard deduction it is time to compare with your itemized deduction. *Note this is only an introduction and exceptions apply. Also, "AGI" refers to Adjusted Gross Income.*

Paying interest on a home mortgage?

Home mortgage interest is generally deductible for your first and/or second home, limited to interest generated on loans of up to \$750k, if taken out on or after 12/15/2017. Loans preceding that date, or refinancing of loans from before that date, generally have a higher \$1M threshold.

Shorter version: if your mortgage is less than \$750k, the interest may be fully deductible.

Paying state and local taxes (SALT), including real estate, income tax, sales tax?

The combination of real estate and vehicle excise taxes and either income or sales taxes is generally deductible, up to a limit. For 2024 the total limit was \$10,000 (*or \$5,000 if married filing separately*). Starting in 2025, that limit is up to \$40k (*\$20k*) if your AGI is under \$500k (*\$250k*) and then it drops down, phasing out over a range to a maximum of \$10k (*\$5k*) by AGI \$600k (*\$300k*).

Short version: in 2024 the limit is \$10k. In 2025, if your AGI is < \$500k, the limit is \$40k.

Have you been making charitable donations?

Donations must be in cash, property, securities, or unreimbursed expenses. Services aren't deductible. There are limits on the charity you can deduct; the highest limit is 60% of AGI for cash donations to public charities. Starting in 2026, charity must exceed 0.5% of AGI to be itemized.

Medical bills in an amount exceeding 7.5% of your income?

Generally, medical expenses not covered by insurance are deductible, if they exceed at least 7.5% of your AGI. Most people will not claim this deduction unless in long-term care, or after surgery.

Putting It All Together, With an Example.

- Couple filing jointly, under 65, not blind, would have a 2024 standard deduction of \$29,200.
- Couple paid **\$20k interest** on a \$500k mortgage, **\$20k of state tax**, **\$20k charity**, and **\$20k of medical costs**. AGI is \$200k. Their itemized deduction for 2024 would be (**\$20k + \$10k + \$20k + \$5k**) total \$45k. That's higher than the \$29,200 standard. **Approximate tax savings is \$5,700.**
- Let's use the same numbers for 2025. Standard deduction is \$31,500. Itemized deduction (**\$20k + \$20k + \$20k + \$5k**) total \$55k. That's higher than \$31,500. **Approx. tax savings \$7,400.**

Note that starting in 2026, for people in the top tax bracket of 37%, itemized deductions will be limited to offsetting the 35% tax rate, and so it may make sense to accelerate deductions to 2025.

Next Steps:

Consult your tax advisor before you commit to any decisions inspired by things you read here. If you don't have a tax advisor, take a look at my company website (davconsultingllc.com), fill out the contact form, and let's talk about how we could work together. Short story, my name is Daniel, and I am a CPA with 11+ years' experience in helping my clients stay ahead of tax-day surprises.