

Abstract: When teachers are setting up their classrooms for the new school year, it's not uncommon for them to pay for a portion of their classroom supplies out-of-pocket. A special tax provision allows them to recoup some of the cost at tax time. In light of changes brought by the Tax Cuts and Jobs Act, this special tax break for educators became even more important. And for 2022, an update has made the tax break even better. This article explains.

A tax break for educators gets an update

Teachers who are setting up their classrooms for a new school year often pay for some of their classroom supplies out-of-pocket. They can recoup some of that cost by taking advantage of a special tax break for educators. This deduction gained new importance after the 2017 passage of the Tax Cuts and Jobs Act (TCJA). For 2022, the deduction amount has been bumped up and the list of qualifying expenses has expanded.

The old-school way

Before 2018, employees who had unreimbursed out-of-pocket expenses could potentially deduct them if they were ordinary and necessary to the “business” of being an employee. A teacher’s out-of-pocket classroom expenses could qualify. Those expenses were claimed as a miscellaneous deduction, subject to a 2% of adjusted gross income (AGI) floor. That meant that only taxpayers who itemized deductions could enjoy a tax benefit, and then only to the extent that their deductions exceeded the 2% floor.

For 2018 through 2025, the TCJA has suspended miscellaneous itemized deductions subject to the 2% of AGI floor. Fortunately, qualifying educators can still deduct some unreimbursed out-of-pocket classroom costs using the educator expense deduction.

The new-school way

Back in 2002, Congress created the above-the-line educator expense deduction. An above-the-line deduction is one that’s subtracted from your gross income to determine your AGI. It can be claimed even by taxpayers who don’t itemize deductions. This is especially significant because as part of the TCJA, the standard deduction has nearly doubled, and that means that fewer taxpayers now itemize deductions.

For 2022, qualifying elementary and secondary school teachers and other eligible educators (such as counselors and principals) can deduct up to \$300 of qualified expenses. Two married educators who file a joint tax return can deduct up to \$600 of unreimbursed expenses — limited to \$300 each.

Qualified expenses include amounts paid or incurred during the tax year for books, supplies, computer equipment, related software, services, and other equipment and materials used in classrooms. The cost of certain professional development courses may be deductible. Also, protective items to prevent the spread of COVID-19 such as hand sanitizers, disinfectant and other items recommended by the Centers for Disease Control

for this purpose are also deductible. However, homeschooling supplies and nonathletic supplies for health or physical education courses aren't deductible.

More details

Some additional rules apply to the educator expense deduction. If you're an educator or you know one who might be interested in this tax break, please contact us for more details.

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