

Abstract: Teachers who are getting their classrooms ready for a new school year often pay for some of their classroom supplies out-of-pocket. They may be able to get some of that cost back by taking advantage of a special tax break for educators. This deduction improved after the Tax Cuts and Jobs Act became effective in 2018. Here’s how eligible teachers and other educators can benefit.

A tax break for educators

Teachers who are getting their classrooms ready for a new school year often pay for some of their classroom supplies out-of-pocket. They may be able to get some of that cost back by taking advantage of a special tax break for educators. This deduction improved after the Tax Cuts and Jobs Act (TCJA) became effective in 2018. Currently the deduction amount is limited to \$300 per educator. This limit will rise in \$50 increments in future years, based on inflation adjustments.

History of the deduction

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 and be 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.

Back in 2002, Congress created the above-the-line educator expense deduction, meaning a deduction that’s subtracted from your gross income to determine your AGI. It can be claimed even by taxpayers who don’t itemize deductions.

For 2024, qualifying elementary and secondary school teachers and other eligible educators (such as counselors and principals) can deduct up to \$300 of qualified expenses. Two eligible 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 also be deductible. However, homeschooling supplies and nonathletic supplies for health or physical education courses aren’t eligible.

Head of the tax class

Some additional rules apply to this deduction. If you're an educator or you know one who might benefit from this tax break, feel free to contact us for more details.