

2013 Middle Class Tax Cuts

\$49 million tax cuts for 2013	Description	Income Qualification
1. Working Family Credit	Boosts the credit to more closely follow the Federal Earned Income Tax Credit. Average \$334 benefit for 53,000 families.	Taxpayers earning up to \$47,000
2. Mortgage Insurance Deduction	Homeowners can deduct mortgage insurance premiums from their income.	Taxpayers earning up to \$110,000
3. Higher Education Tuition Deduction	Those who paid tuition and fees to a college, university or other post-secondary school may deduct up to \$4,000 of the tuition and fees on their federal return. Minnesota now allows this deduction, which means taxpayers no longer have to make an adjustment for it on their state return.	Taxpayers earning up to \$80,000 or joint filers earning up to \$160,000
4. Student Loan Interest Deduction	Those who paid student loan interest may deduct up to \$2,500 of the interest on their federal return. Minnesota now allows this deduction, which means taxpayers no longer have to make an adjustment for it on their state return.	Taxpayers earning up to \$75,000 or joint filers earning up to \$155,000
5. Education Savings Account	Those with a child in grades K-12 who used distributions from a Coverdell Education Savings account to pay for their education can exclude those distributions.	Taxpayers earning up to \$110,000 or joint filers earning up to \$220,000
6. Employer-Provided Assistance	Education: Those whose employer helped pay for certain college or post-secondary training can exclude up to \$5,250.	None
	Adoption: Those whose employer helped pay for adoption expenses can exclude up to \$12,970 of these benefits.	Taxpayers earning up to \$234,580*
	Transit: Those who received up to \$245 per month of employer provided transit passes and vanpooling benefits can exclude the value of those benefits.	None
7. Tax-Free IRA Distributions	Those who are 70½ or older and made a contribution to a qualified charitable organization directly from their IRA can exclude up to \$100,000 of IRA distributions.	None
8. National Health Corps Scholarships	Those who received a National Health Service Corps Scholarship program or F. Edward Hebert Armed Forces Health Professions Scholarship and Financial Assistance program may be able to exclude those benefits.	None
9. Mortgage Debt Forgiveness	Homeowners whose lender agreed to accept less than they owed in a “short sale” or foreclosure of their home can exclude the amount of debt forgiven by the lender.	None
10. Deduction for Educator Expenses	K-12 school teachers or school employees who bought classroom supplies with their own money can deduct up to \$250 of their purchases.	None

*Based on federal deduction calculation.

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