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Ken Berry, JD • Mar. 20, 2014

Many federal income tax breaks are reserved for low-income families – the earned income tax credit (EITC) instantly comes to mind – but that doesn't mean that wealthier individuals can't get their fair share of the pie.

If you're among the “rich and famous” in this country, you may still benefit from certain tax law provisions that don't have any income thresholds or allow for plenty of leeway under generous limits. Here are ten top income tax breaks for upper-income earners.

- 1. Home sale exclusion.** Regardless of the amount of your annual income, you can exclude tax on the first \$250,000 of gain from the sale of a home you've owned and used as your principal residence at least two of the five years prior to the sale. The exclusion is doubled to \$500,000 for joint filers, so you may pocket up to a cool half mil tax-free. What's more, there's no limit on the number of times you may qualify.
- 2. Home taxes.** While you own your principal residence, you can deduct qualified mortgage interest and property taxes, even if you're paying a small fortune for a mansion. The mortgage interest deduction is available for interest paid on acquisition debts up to \$1 million and on home equity debts up to \$100,000. This tax break is also extended to second homes like a vacation home. However, under the “Pease rule,” these itemized deductions are reduced for single filers with AGI above \$250,000 and joint filers above \$300,000.
- 3. Capital gains and losses.** Maybe you're in line for a windfall from a sale of securities or real estate. The capital gain may be completely or partially offset by capital losses realized in the same tax year. Plus, any excess loss can offset up to

\$3,000 of highly taxed ordinary income. If you must pay a capital gains tax, the

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- of charitable gifts of property. Generally, you can deduct the full market value of property you donate to charity if you've owned it for more than one year and the property is used to further the charity's tax-exempt function. Thus, the appreciation in value is untaxed forever. The tax law limits the annual deduction for gifts of appreciated property to 30 percent of AGI, but that still provides a gaping tax loophole.
6. **Conservation easements.** Another provision allows a current write-off for a donation where you actually keep valuable real estate. By granting a "conservation easement" to a government unit, you agree to preserve the property for conservation or environmental reasons. For instance, you might grant the public access to hiking trails in a mountainous region you own. But there's a catch: You must agree to keep the property this way forever — it can't be turned into a housing development in the future.
 7. **Heavy-duty SUVs.** Normally, deductions for vehicles used for business driving are limited by "luxury car" rules that apply at relatively low levels. If you buy a \$75,000 Mercedes, it will effectively take more than a decade to write off the entire cost. However, a special tax break applies to certain heavy-duty vehicles like many SUVs. The write-off is capped at 25,000 for the year the vehicle is placed in service.
 8. **Alimony deductions.** Unfortunately, the rich and famous often get divorced. Fortunately, you can deduct amounts attributed to alimony if you're on the paying side. To top it off, this deduction is claimed "above the line," so there's no reduction under the Pease rule. Try to characterize payments as alimony instead of child support in the divorce decree; child support isn't deductible.
 9. **Like-kind exchanges.** Instead of selling high-priced real estate, you can arrange to swap it for like-kind property. As long as certain timing requirements are met, there's no current tax due on the exchange, except to the extent you receive any "boot" as part of the deal. The tax deferral lasts until you sell the replacement property — if ever.

0. Gambling losses. Many wealthy people like to try their luck at casinos and

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