

# **CLAIMING THE STANDARD DEDUCTION FOR CLIENTS SUBJECT TO THE ALTERNATIVE MINIMUM TAX MAY COST UNNECESSARY TAX DOLLARS**

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## **ABSTRACT**

Under the federal income tax system, when a taxpayer's standard deduction is larger than the taxpayer's itemized deductions, claiming the standard deduction for regular income tax purposes will generally save valuable tax dollars. However, that same decision to take the standard deduction can cost the taxpayer if he or she is subject to the AMT. Therefore, an additional analysis is necessary, when preparing a tax return for a taxpayer that would traditionally claim the standard deduction for regular tax purposes but is also subject to the AMT. Because one-third of all taxpayers will be subject to the AMT by 2010, this issue adds significant complexity to a very complicated tax system. This article proposes several alternatives to eliminate this specific area of complexity from the complex world of the AMT.