

Year End Tax Moves

As individual taxpayers, and businesses not on a fiscal year, we have a calendar based tax year. Therefore our transactions are based on what we do on Jan 1 thru Dec 31. Anything that falls outside those dates, are not a part of the tax year we are dealing with.

At the end of the year we want to take deductions and shift income. We want to find the lowest tax bill as a result of our financial moves.

That can take some planning and manipulation. Pay tax deductible bills or donations early to get a deduction in this year. Delay income if you can into next year. We're only talking a matter of days in a lot of cases that this affects.

Group deductions. If you are itemizing some deductions you may want to try to group deductions into one year or another to maximize the ability to exceed any deduction exclusion amounts. Medical is a big one. Your medical expenses have to exceed 10% (temporarily 7.5% if you or spouse is 65 or older, thru 2016) of your Adjusted Gross Income (AGI) before you get one dollar of a deduction. If you have any elective medical procedures that can be advanced or delayed. That may benefit you tax wise. Casualty losses and Miscellaneous Deductions also have exclusion amounts.

In business, if you have the financial resources, pay bills early in December. Purchase that equipment that you'll be getting early next year anyway. Delay sending out bills until early January to delay that income. If you've had a lot of expenses this year, maybe try to accelerate income into this year so you may minimize it for next year.

Any of this tax planning and tactics, all of which is legal, is taking some gamble that things play out as expected. But without this planning, you will likely pay too much tax.

More tax tips [here](#).

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