



Tax Strategies to Implement by 12/31/17

Expense Acceleration:

- If your annual itemized deductions are normally below \$24,000, it is likely that certain deductions will not benefit you in 2018. Consider paying the following items by 12/31/17
 - Charitable contributions
 - Final quarterly estimated tax payments for state and local income taxes (normally due 1/15/18)
 - Real estate tax bills being paid under the installment method with the third installment due in 2018
 - Pay your January mortgage payment to accelerate interest through 12/31/17
 - Pay any outstanding medical bills or health insurance premiums by 12/31/17
- If your state and local income taxes and real estate tax payments typically exceed a total of \$10,000, these expenses will be CAPPED at \$10,000 in 2018. Following the information above, considering paying the final quarterly estimated payments that may be due in 2018 by 12/31/17.
- Unreimbursed Employee Expenses will not be deductible in 2018. Consider paying any license fees, clothing, small tools, investment fees, etc. by 12/31/17
- Entertainment expenses will not be deductible in any tax area in 2018. If you operate a business and are on the cash basis of accounting, be sure to pay any entertainment expenses by 12/31/17 to secure the deduction in 2017.
- Don't payoff your home equity loan early. Interest on home equity loans will no longer be deductible for loans that did not exist as of 12/15/17. Therefore, if you typically pay down your home equity loan and then borrow it back at a later point in time, you may want to consider maintaining the deductibility of your interest by NOT paying off the line of credit.
- If you have unpaid legal, accounting, or investment fees, we recommend paying by 12/31/17 to secure the deduction. (Please note, business expenses are NOT in jeopardy. They still qualify as a business deduction.)



529

- If your children attend a private school (K-12), your tuition can be paid through a 529 Plan. Consider establishing a plan by 12/31/17 and making a contribution by 12/31/17. This creates a 3% tax benefit for PA. (Annual tuition of \$7,000 multiplied by 3% = tax savings of \$210.)

- If you are about to COMPLETE a building renovation on a commercial property, you may wish to finish the project in 2018 to take advantage of the 15-year depreciation life on interior improvements.
- If you are finishing a roof replacement, an HVAC installation, or other similar improvements to a non-residential property, you may want to wait to finish the project in 2018 so that this type of work can be eligible for Section 179 depreciation.





- Moving expenses will not be deductible in 2018. If you are in the midst of a job-related move, try to pay your deductible moving expenses before 12/31/17. Or, if you have already incurred the expenses and are waiting for your employer to reimburse the expenses, push for reimbursement by 12/31/17 so that it will be tax free.

Income Deferral

- Tax rates are dropping and tax brackets are increasing. As such it is beneficial to PUSH OFF income to 2018 if possible.
- If you are in the process of taking an “extra” distribution from your IRA (other than your required minimum distribution), you may want to defer the distribution until early January 2018
- If you currently pay expenses related to your employment, consider talking with your employer about creating an “accountable plan” so that the employer can pay these expenses with tax free money to you. This may include offering to take a personal salary reduction, where your net benefit still comes out ahead.
- Sole Proprietors, Partnerships, LLCs, and S Corporations running active businesses should consider deferring profit into 2018 by moving revenue into 2018 or paying expenses by 12/31/17. The new “pass-through entity” deduction for approximately 20% of your profit may have the effect of lowering overall income taxes in 2018.