Dave DuVal • Dec. 02, 2016

It's that time again. It's the second half of the fourth quarter of the year — time for cooler weather, the holidays, and year-end tax planning. If you have a crystal ball, or you have engaged the services of Karnack the Magnificent, read no further, as you'll be able to figure out how to maximize your income and deductions without any additional help. But if you are looking for some tax tips for yourself or for your clients, here are some reminders:

Look at Life Changes

By the time November rolls around, the beginning of 2016 feels like it happened a long time ago, which is why your clients may not remember to tell you about important life changes and activities that may impact their taxes. Therefore, it's important to ask your clients the right questions. Here's are some you might consider:

Did they buy or sell a home? Was there a new baby, a marriage, separation or divorce? Did they change jobs, move, or retire? Did they withdraw money or complete a Roth conversion from their retirement accounts? Did they turn 59½ during the year – or did they turn 70½? Did their kids age them out of some of the child-related tax benefits? Did a child go off to college, or did the client or their spouse enroll in a career-enhancing class? Did they change jobs or lose a job? Did they have or not have health insurance the whole year through, and if not, why not?

Charitable Contributions and Bunching Deductions

Between now and December 31st is a good time for our clients to make their charitable contributions. This can provide a big tax break for those who itemize.

For clients who are close to the itemizing threshold of $12,600 for joint filers and

The Qualified Charitable Distribution

Another great tax benefit is the Qualified Charitable Distribution, otherwise known as the QCD. The QCD was made permanent with the enactment of the Consolidated Appropriations Act of 2016. It allows taxpayers age 70½ and older to direct the trustee of their traditional IRA account to make a donation to a qualified charity directly from the IRA account, which counts towards meeting their Required Minimum Distribution for the year, while excluding the amount from their taxable income. For recordkeeping purposes, it's important to make sure your client gets an acknowledgement from the charity of this type of donation for their files – just in case the IRS ever questions it. And note, if the taxpayer itemizes they should not take a charitable deduction for the QCD.

Timing Investment Gains and Losses

You can help your clients take advantage of another popular tax planning strategy by working with them to time their investment gains and losses. If they have securities that have gone down in value that they could sell at a loss, perhaps it's time to get rid of them and take advantage of the opportunity to offset some gains.

Or you may have clients for whom it may make sense to take advantage of large carryover losses. The strategy is to sell appreciated securities with large gains and then buy them back the next day, or in early January, if they want to hold those stocks again in their portfolio. This way, when the taxpayer ultimately sells those stocks the cost basis will be higher, resulting in less capital gain income in the future. Remember, wash sale rules only apply to losses, not to gains, so this is allowable under the Internal Revenue Code.

Section 179 Deduction for Business Owners

If your client is expecting their business to show a net profit, and they are thinking

Dave Du Val is vice president of Customer Advocacy for TaxAudit.com. He is an Enrolled Agent and federally authorized tax practitioner, who has prepared thousands of returns during his career and has trained and mentored hundreds of tax professionals.