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Last December's tax-reform bill upends conventional tax-planning strategies and dramatically changes the landscape for this year's tax filings. The good news is that there is still time to ease the pain of the upcoming filing season – even this late in the year.

To help individuals and businesses prepare, the global tax and accounting firm Grant Thornton LLP has released a collection of Year-End Tax Guides for 2018.

"Most people – and businesses for that matter – know a lot less about tax reform than they think," said Dustin Stamper, managing director in Grant Thornton's Washington National Tax Office. "Sure, they've heard about new caps on deductions for things like mortgage interest and state taxes, but that's a small part of a bigger picture."

Stamper continued by stressing the need for people and businesses alike to pay close attention to changes in the tax code as filing season fast approaches. "It's important to account for hidden changes like shifts in the tax bracket thresholds or alternative minimum tax relief. These areas can actually have a bigger impact on a tax filing than one may think."

Here are 10 of the most important 2018 year-end tax planning considerations for individuals:

1. **Double check your withholding and estimated taxes.** The individual tax changes cut both ways. You may be familiar with the major deductions you're losing, but less familiar with the impact of some of the more favorable changes like the

expanded tax brackets. It's not easy or intuitive to figure out what it all means to

deduction in 2018. That's because the standard deduction is doubled, while dozens of itemized deduction are repealed and the state and local tax deduction is capped at $10,000. It's critical to know whether you expect to take the standard deduction before making decisions on year-end spending on things that generate itemized deductions. Remember that you generally would not get any additional deduction for things like charitable gifts or elective healthcare procedures if you do not itemize deductions.

3. **Get your charitable house in order.** If you know you will itemize deductions and plan on giving to charity before the end of the year, remember that a cash contribution must be documented to be deductible. If you claim a charitable deduction of more than $500 in donated property, you must attach Form 8283. If you are claiming a deduction of $250 or more for a car donation, you will need a contemporaneous written acknowledgement from the charity that includes a description of the car. Remember, you cannot deduct donations to individuals, social clubs, political groups or foreign organizations.
4. **Be careful with your mortgage deduction.** Tax reform lowered the amount of debt you can use to claim a mortgage interest deduction from $1.1 million to $750,000. But there are grandfathering rules for some pre-existing mortgages. If you have a mortgage between $750,000 and $1.1 million, then read the rules before modifying your mortgage to make sure you don't cost yourself a valuable deduction.
5. **Leverage retirement account tax savings.** Retirement incentives for traditional retirement accounts like a 401(k) or individual retirement account (IRA) still offer some of the most valuable tax benefits. It's not too late to increase your contributions. Contributions reduce taxable income at the time that you make them, and you don't pay taxes until you take the money out at retirement. The 2018 contribution limits are $18,500 for a 401(k) and $5,500 for an IRA (not including catch-up contributions for those 50 years of age and older).

6. **Defer capital gains by investing in an opportunity zone fund.** Tax reform created

zones throughout the United States and numerous funds are expected to be open to investors.
7. **Remember your state and local tax obligations.** Don't forget that state and local governments impose their own filing and payment responsibilities with various income, sales and property taxes. The changes to federal tax rules make filing state taxes even more difficult. Be sure to check the states where you pay taxes to understand if they are following the biggest changes to federal rules.
8. **Consider large purchases before state taxes on internet purchases are effective.** The U.S. Supreme Court's South Dakota v. Wayfair ruling this year erased a restriction on when states can require internet sellers to collect state sales tax. The rules were always complex, but under the previous Supreme Court standard, businesses generally could not be forced to collect taxes on online sales in states where they had no physical business presence. The Supreme Court struck down this standard, and dozens of states are enacting laws requiring businesses to collect tax on internet sales even when the business has no physical presence in the state. If you live in a state with a new law that isn't effective yet, consider making big holiday purchases before the new rules go in force. But be careful, because the laws in each state are different and whether tax is imposed now or in the future may depend on who the seller is. You only want to accelerate purchases that would be free from sales tax now, but won't be in the future. Many states also impose use taxes.
9. **Don't squander your gift tax exclusion.** You can give up to $15,000 to as many people as you wish in 2018, free of gift or estate tax – and you get a new annual gift tax exclusion every year, so don't let it go to waste. You and your spouse can use your exemptions together to give up to 30,000 per beneficiary. If you had four children and ten grandchildren, you could remove $300,000 from your estate tax free this year.
10. **Leverage low interest rates and generous exemptions before they're gone.** The historically low interest rates and lifetime gift and estate tax exemption presents

an even better estate planning opportunity. Many estate and gift tax strategies

see how state tax rates on personal income and businesses can affect tax planning, visit Grant Thornton’s Year-End Tax Guides for 2018: *Privately held businesses* and *public businesses*.

Sales Tax