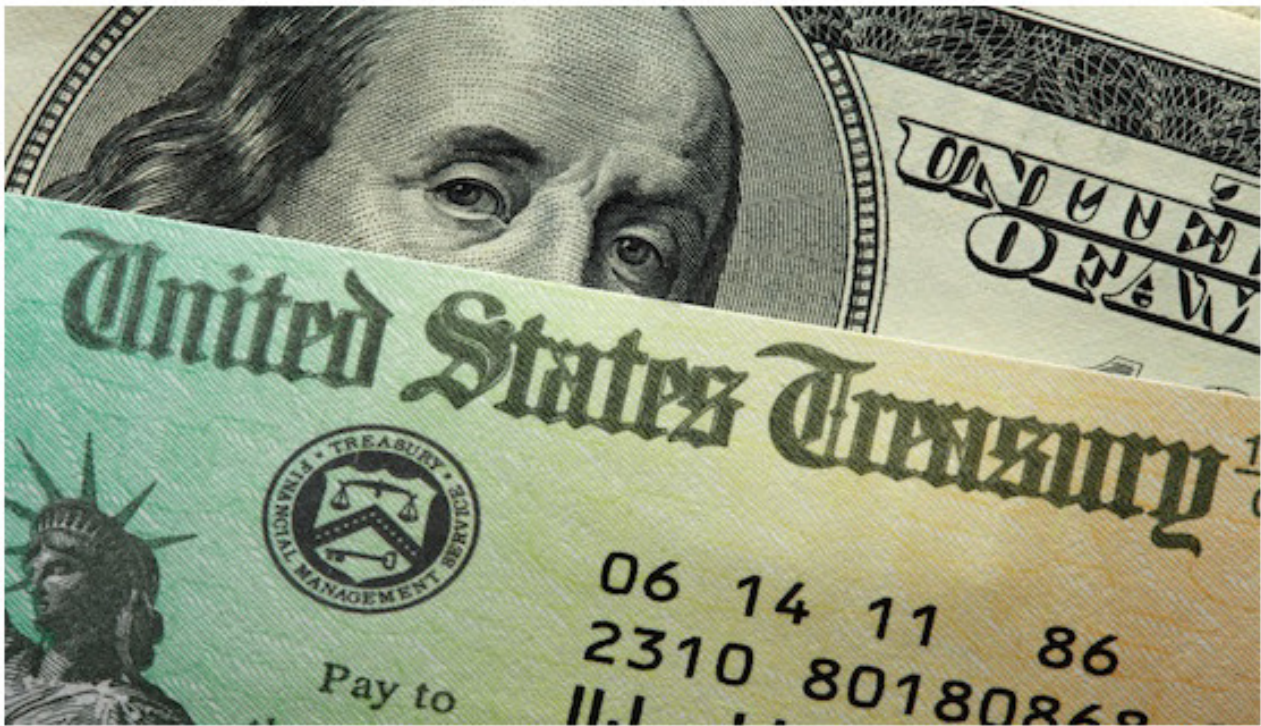


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How can taxpayers be proactive with their end-of-year tax and financial decisions that could potentially minimize their tax bill?

Dec. 10, 2019



How can taxpayers be proactive with their end-of-year tax and financial decisions that could potentially minimize their tax bill?

TaxAudit, an audit defense service, has released its last-minute 2019 tax tips to help taxpayers learn ways to potentially save money on their taxes and understand how the changes to the tax code under the Tax Cuts and Jobs Act will impact their tax return.

“Even though we’re going into our second filing year under the Tax Cuts and Jobs Act, taxpayers are still struggling to understand the code completely. Plus, there are

changes that only took effect as of January 1, 2019, so there's a lot of room for

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adjustment. Take advantage of the IRS's free withholding calculator to make sure your withholdings are not too high or too low. You may remember that the IRS made available a W-4 in late 2018 that often caused a "surprise" at tax time. The IRS revised the form in 2019 for, hopefully, better results.

- 2. Take advantage of bonus depreciation.** The Tax Cuts and Jobs Act changed the bonus depreciation for assets placed in service after September 27, 2017, and prior to January 1, 2023, to 100% deduction. There are a few income rules to review for each taxpayer's individual situation.
- 3. Consider deferring year-end income until 2020.** For taxpayers who receive a year-end bonus or collection of rents, business debts, and payments for services for cash basis taxpayers, consider deferring these to 2020 to potentially pay less tax depending on your tax rate and taxable income.
- 4. Pay off high medical bills.** After being lowered to 7.5% in 2017 and 2018, the threshold for the medical expense deduction has increased to 10% for 2019. If you are planning to itemize your deductions in 2020, consider paying for any unreimbursed medical expenses in December rather than waiting for next year.
- 5. Take advantage of educational tax benefits.** If you paid for any college or school expenses, there may be credits available for you. Ensure you have all your receipts and records as well as a 1098-T form from the qualified educational institution(s). If you have a 529 plan, consider making contributions before the end of the year up to the allowable limit.
- 6. Remember alimony payments are no longer deductible.** Alimony payments are no longer deductible for divorces and separations which took place after 2018. And that means the alimony received is not taxable either under these same guidelines.
- 7. Contribute to your favorite charities.** However, if your standard deduction is higher than your itemized deductions you will not receive an additional benefit. You may want to consider making this year *and* next year's charitable gifts before the end of 2019 if you do expect to itemize.

8. Sell poorly performing stocks if you've sold winners. If you've sold stocks at a

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sooner you can file your tax return.

11. Remember to check the rules before making any of these moves to make sure you understand how they apply to your specific situation.

This is only a short list of some tax moves taxpayers should make before the end of the year. Please spend time learning about the rules at IRS.gov so you are knowledgeable about qualifying deductions, exemptions, and more that may help to reduce your tax burden.

TaxAudit offers audit representation in regard to both IRS and state taxing authority audits and examinations and defends taxpayers from the moment they receive an audit notice through to the best possible resolution. Members receive expert tax representation and relief from the nightmare of being audited – at an affordable price point. The company also offers Tax Debt Relief Assistance to taxpayers who owe back taxes to the IRS or state government.

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