



Year-end Tax Planning Tips

For many, the biggest hassle at tax time is getting all the documentation together. Here are some tips to help organize your records for tax time:

- Collect receipts and tax related information in a folder labeled "Taxes"
- List what you donated, the current market value, and the date on your charity receipts
- If you use your auto for business, write down your 2015 odometer reading on 01/01/2016.
- Enter tax related transactions in your accounting software as they occur. Do not wait until the last minute.
- Don't forget your HUD-1 if you sold or purchased a home in 2015.
- Make sure you know the price you paid for any stocks you have sold. If you don't, call your broker.

Personal Taxes

1. Make a last-minute estimated tax payment

If you didn't pay enough to the IRS during the year, you may owe significant tax, plus interest and penalties. How could that happen? Withholding on your paycheck may be out of whack, or you may have received a big gain from selling stock.

2. Contribute to retirement accounts

If you haven't already funded your retirement account for 2015, you have until April 18, 2016. That's the deadline for contributions to a traditional IRA, deductible or not, and to a Roth IRA.

3. Take required minimum distributions

Don't overlook any minimum distributions you are required to take from traditional IRAs and employer retirement plans for 2015.

4. Maximize charitable donations

Donations could be made through cash, check, and property or even used stuff you no longer need. Make sure that you are donating to a qualified organization recognized by the IRS and get proof of your donation. For large donations, contact our office to discuss which assets to give and the best ways to give.

5. Accelerate you HSA contributions

You can make up to a full year's worth of deductible HSA contributions for 2015 at any time before your tax return's due date.

6. Report changes in circumstances to the Health Insurance Marketplace

If you enroll in insurance coverage through the Health Insurance Marketplace in 2015, you should report events such as changes in your income or family size to avoid too much or too little financial assistance in advance.

7. Capital gains and losses

Be mindful of holding periods. The length of time you hold an investment before selling it generally determines whether a capital gain or loss is considered to be long or short

term. Holding periods are important because net long-term capital gains are taxed at favorable rates.

8. Settle an insurance claim

If you were an unlucky victim and suffered a loss as a result of a casualty, you may be able to recoup a portion of that loss through a tax deduction.

9. Social Security taxation

If you are collecting Social Security, look carefully at your year-end transactions to determine if additional income in 2015 would increase the amount of your benefits that will be subject to income tax.

Business Taxes

1. Time it right

To lower this year's taxable income, look for ways to defer income so that it won't be recognized until 2016 and to accelerate deductible expenses into 2015. Along the same line, if you anticipate a significantly higher tax rate next year, you might consider strategies to accelerate business income and defer expenses, even though it will mean paying taxes sooner.

2. Deduct start-up expenditures

A new venture may elect to deduct some of business start-up costs, such as advertising and travel expenses paid before the new business began operating. To claim the deduction in 2015, a new business must be up and running by year end.

3. Adopting a de minimis policy

The new regulations now define a de minimis amount, but it is not a specific amount nor is automatic. To utilize the de minimis safe harbor, business taxpayers must have an accounting policy in place before the beginning of the tax year that specifies the de minimis safe harbor amount adopted by the business. If your business has not previously adopted an accounting policy, it may be appropriate to do so before the beginning of your business' next tax year, which would be January 1, 2016, for calendar year businesses.

4. Monitor late-year purchases

Generally, a full depreciation deduction is available for assets purchased and placed in service at any time during the tax year. However, if more than 40% of the year's purchases are placed in service during the last three months of the year, depreciation for all the assets has to be calculated using a "mid-quarter convention", which means that deductions for late-year purchases will be smaller.

5. Utilize expensing opportunities

Consider buying equipment or other assets that can qualify for the Section 179 election to currently deduct (expense) the cost rather than claim depreciation over time.

6. Health Care Reform.

All employers, regardless of size, that provide self-insured health coverage must file Information Reports for individuals they cover. The first returns are due to be filed in 2016 for the year 2015

Employers with at least 100 full time employees (and even those with 50 or more workers under certain circumstances):

You must offer minimum essential health care coverage that is "affordable" and that provides "minimum value" to your full time employees and their dependents or potentially be required to make a shared responsibility payment to the IRS.

Employers with an average of 50 or fewer employees:

You can purchase health insurance coverage through the Small Business Health Options Program (SHOP).

Small employer credit:

Eligible small employers may be entitled to a tax credit of up to 50% of their contribution toward employee health coverage. Generally, an eligible small employer has:

- No more than 25 full-time employees
- Employees who have average annual wages of no more than \$50,000
- A qualifying arrangement in effect that requires the employer to contribute at least 50% of the premiums

7. Don't be late with issuing forms 1099-MISC

As a business owner, you want to stay one step ahead of the annual tax season, which includes mandatory filing of 1099's for independent contractors paid more than \$600. Rather than wait until January, begin filing your forms now. As long as an independent contractor has completed all work for the calendar year and has all the required information, you can get started. The deadline for distributing 1099's is February 1, 2016. If you fail to do so, the penalty against your company varies from \$30 to \$100 per form (\$500,000 maximum per year), depending how long past the deadline you issue the form.

As a reminder, not all these strategies and tips will apply to you. To determine the best actions based on your specific situation this year, please contact our office at (281) 491-8866. A review of your tax picture before year-end can let you know where you stand with 2015 taxes and potential opportunities for tax savings you may have overlooked.



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