

2007 Year End Tax Tips

Strategies before year end!

1. Charitable deductions for vehicles have changed. You are limited to the amount the charity sells the vehicle for (they will send out a statement). If the charity uses the vehicle for their own use you can still use FMV at the time of the donation.
2. Purchase equipment before 12-31 to maximize the expensing of equipment before December 31st
3. If you refinanced or purchased a home in this year dig out the **settlement statements** and bring to your tax appointment for added deductions--**Mortgage Insurance is now deductible in 2007.**
4. If divorced this year have your lawyer breakdown the bill showing amounts charged for legal services and tax related matters
5. If you turned 70 1/2 during the year you do not have to take a distribution from your IRA until April 1, of next year, but it may be better tax wise to take a distribution prior to 12-31. If you wait until April 1 you will be required to take another distribution by 12-31! You use your balance as of 12-31 of the previous year to figure your current year required distribution.
6. Clean out the garage and make charitable donations prior to 12-31 (see charitable worksheet under forms to print). Make sure you get a receipt for anything over \$250 and itemize your list.
7. **Sell your losing stocks before 12-31** to write off the loss this year or to offset your gains.
8. Take advantage of the one time switch from an IRA to a HSA (if you have a Health Saving Account Only).
9. Make sure the children are on the payroll before year-end for Schedule C filers. W-2s must be filed along with 941 quarterly reports.
10. Expense up to \$125,000 of business equipment placed in service in 2007 on your tax return (business owners only).
11. 1st time homebuyers. If you recently purchased a home and would be closing in December try to move the closing after January 1st to maximize your deductions in one year. You may not be able to itemize in the current year. Pay your state estimated taxes before 12-31 to make them deductible this year.
12. Use up your flex spending money before 12-31 or lose it (it goes back to the company). You can now roll this over to a HSA.
13. **Refinancing this year? You may have additional deductions--bring your settlement sheet to your tax appointment.**

14. For C Corporations look at using reimbursements more as a tool to lower your corporate taxes and get tax free funds from the company.