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Tax Planning: Ideas to lower your taxes

Individuals

- Contribute to an HSA (Health Saving Account)
- Convert funds from a Traditional IRA to a Roth IRA
- Contribute to a Retirement account
 - Traditional IRA, Roth IRA or 401(k)
- Harvest stock losses
- Pay zero taxes on capital gains
- Buy an investment property
- Take gains on highly appreciated stock if your income is low or if you have stock losses you can offset
- Donate appreciated stock
- Bunch Itemized Deductions
- Split income among several family members or legal entities, in order to get more of the income taxed in a lower bracket
- Use certain investments to produce income that is tax exempt; either from federal, state or both taxing entities.
- Dodge a 50% tax penalty: Taxpayers over the age of 72 are required to take minimum withdrawals from their IRAs each year.
- You can borrow up to 50% or \$50,000 of your 401(k)
- Bunch Itemized Deductions
- Use your gift tax exemption
- Contribute to a 529 account – In Illinois – Bright Start or Bright Directions
- Rent your vacation home
- Cash in your child's 529 account. There is no penalty if you take a distribution because your child received a scholarship



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Businesses

- Contribute to a retirement account
 - Owner Only 401K
 - SEP (Simplified Employee Pension Plan)
 - 401k
- Pre-pay expenses - Accelerate Expenses
- Purchase Assets (equipment, furniture, computers and vehicles and qualified leasehold improvements)
- Defer Income
- Do a physical inventory and write off obsolete inventory
- Pay your child
- Pay your spouse
- Rent your home for 14 days without claiming rent and deduct the expense from the busine
- Take advantage of R & D credits
- Verify Meals expenses are being deducted correctly
- Verify you are paying adequate wages to take advantage of the Qualified Business Income (QBI) Deduction
- Verify you don't get phased out of the (QBI) Deduction. If you are over the limit can you lower you taxable income to qualify for it. \$329,800 for married filing jointly \$164,900 Single, married filing separately, or
Head of Household