

# Shavano

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## LIVING

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# MAKE THESE TAX MOVES NOW

business beat

By Steven Bankler, CPA, Shavano Park Resident



Happy New Year! You may have overlooked some last-minute tax savings while you were celebrating the holidays. But don't worry, there are still some key tax moves you can make now to save on last year's taxes. The following are top areas that can help you save on both personal and business taxes:

## PERSONAL RETIREMENT

The IRS offers several opportunities for individuals and couples to make changes to their retirement accounts after the New Year. These include:

- **Contributing to your IRAs:** You have until the tax deadline in April to make extra contributions to existing Traditional and Roth IRA accounts. The recent tax reform bill eliminates your ability to reverse a Roth conversion, so if you have any

questions about a conversion from a Traditional to a Roth IRA made last year, consult a tax professional.

- **Taking your minimum distribution:** Did you reach the age of 70.5 last year? If so, you need to start taking a minimum distribution from your retirement savings by April 1, unless it's a 401(k) tied to a current employer. Don't miss this step, even if you don't need the money. You'll end up paying a tax penalty of 50% plus interest on the distributions you should have taken.

## MEDICAL AND HEALTH EXPENSES

There's no doubt health care is a huge cost for most families. A few smart moves, however, can help you recover some of those expenses on your tax return. These include:

- **Maxing out your Health Savings Account (HSA):** If you already have an HSA, you have until tax day to max out last year's contribution limit. Then, don't just save those funds for big medical bills. They can be used for everyday purchases like over-the-counter drugs, supplements and even sunscreen.
- **Deducting other medical expenses:** The recent tax reform bill lowered the requirement for tax deductions on out-of-pocket medical expenses from 10% to 7.5% of your adjusted gross income. If you paid that amount or more in medical expenses outside your HSA last year, you might be able to deduct it from your upcoming tax bill.

## BUSINESS TAXES

With all the changes that occurred with the tax code this past year, you can expect your business deductions to look much different from years past. Thankfully, many of these deductions can still be worked out until tax day. They include:

- **Paying bonuses:** If you usually give bonuses but are late to do so this year, don't worry. Deductions for accrued bonuses are still allowed if employees receive them within 2.5 months of the year ending, assuming you're not using the cash method of accounting.
- **Considerations for builders and real estate owners:** Before filing, owners of companies that qualify as real estate businesses, invest in R&D activities, trade property in like-kind exchanges, carry forward net operating losses, claim excess business losses or pay financed debt interest expenses will want to consider new tax rules that apply specifically to them.
- **Other significant deduction changes:** For owners of corporate businesses, there's a new corporate tax rate and an elimina-

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tion of the alternative minimum tax (AMT). For those who own pass-through entities like LLCs, partnerships and S-corporations, a new 20-percent tax deduction is taking shape as is a new definition of qualified business expenses. And for all business owners, be aware of the changes in fringe benefits like meals and entertainment that will change the way you deduct expenses.

- The new law allows that “small businesses” (revenues less than \$25 million average over the last three years) can now change to and use the cash method of accounting. While this change also applies to companies that sell inventories, they will still have to treat them as significant material and supplies and deduct them as sold or consumed.

### IT'S NEVER TOO EARLY TO GET STARTED

As you can see, this tax season won't be business as usual. Get organized now to ensure your income tax filing goes smoothly and includes every deduction (new or old) you've earned. At the same time, make sure you're aware of the moves you should make in 2019 to keep your tax-savings rolling through to next year.

Steven Bankler has more than 40 years of experience in the accounting industry. Steven's expertise lies in consulting, planning, tax and asset protection as well as exit strategy services for closely held businesses. In addition, he also provides litigation support (both as a testifying expert witness and a consulting expert), business negotiations and estate planning. Learn more about Steven Bankler, CPA, Ltd. at [www.bankler.com](http://www.bankler.com)

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