6 Last-Second Money-Saving Tax Moves

As 2018 winds down, there is still time to reduce your potential tax obligation. Here are some ideas to make your 2018 tax return less of a burden on your wallet:

1. **Accelerate expenses.** Individual taxpayers are on the cash basis for income tax purposes. This means your income is taxable when you receive it and expenses count when you pay them. Depending on your situation, shifting deductions between years can make a big difference on your tax bill. With this knowledge, making additional deductible payments prior to the end of the year may be a good idea. Examples include mortgage interest payments and charitable donations.
2. **Make effective use of capital losses.** Up to $3,000 in capital losses can be claimed each year to reduce your ordinary income. This loss limitation is calculated after netting all your capital losses against any capital gains. When you have more losses than gains, up to $3,000 can be used to reduce your other income. With careful planning you can take advantage of this loss amount each year.
3. **Fund tax-deferred retirement accounts.** An easy way to reduce your taxable income is to fully fund retirement accounts that have tax-deferred status. The most common accounts are 401(k)s, 403(b)s and various IRAs (traditional, SEP and SIMPLE).
4. **Take advantage of the annual gift exclusion.** For 2018, you may provide gifts up to $15,000 to as many individuals as you wish without gift tax consequences. This could include gifts of cash or property, including investments. Taking advantage of the annual exclusion is a great way to lower your taxable estate.
5. **Give to charities.** Consider making end-of-year donations to eligible charities. Donations of property in good condition and your charitable mileage are also deductible. Receiving proper documentation that acknowledges your contributions is important to ensure you obtain the full deduction. Have a plan by knowing your total deductions for the year to help you decide how much to donate. Pulling some donations planned for 2019 into 2018 may be a good strategy.
6. **Donate appreciated stock.** By donating appreciated stock owned one year or longer to a favorite charity, you receive two benefits. First, you will not have to claim the capital gain on the appreciation of your investment. Second, you can claim the higher market value of the stock as your contribution amount. The procedure you need to follow to qualify your donation of appreciated stock is fairly strict. Ask for help from your broker and the charitable organization to ensure it is done correctly.

This is a short list of some of the ideas you can use to lower your tax obligation in 2018. If interested, please call for help with reviewing your situation.