

2017 Tax CUTTING CHECKLIST

Use this checklist to help you cut your 2017 taxes

Getting ahead financially is easier if you keep your taxes as low as the law allows. Use this checklist of deductions, credits, and tax strategies as a starting point for your 2017 tax planning. Check the items you think may apply to you; then get the details you need to turn these ideas into tax savings for 2017.

Home and Family

- Tax-free sale of your home.
- Tax credit for each dependent child under age 17.
- IRA contributions for working children.
- Tax credit for adopting a child.
- Multiple support agreement to maximize the tax benefits for shared support of a parent.
- Marriage or divorce planning to minimize taxes.
- Using your vacation home to provide the maximum tax benefits.
- If a family member became blind or disabled before age 26, investigate the tax benefits of establishing an ABLE account.
- Review health insurance in order to avoid Affordable Care Act noncompliance penalties.

Educated Choices

- Deduction for up to \$2,500 of student loan interest.
- American opportunity credit for post-secondary education expenses.
- Lifetime learning credit for post-secondary education expenses, including job-related courses.
- Education savings accounts to build tax-free college savings (income limits).
- Section 529 plans for tax-free college savings (no income limits).
- Education savings bonds for tax-free interest when used for college.
- Take advantage of your employer's educational assistance benefits; generally tax-free up to \$5,250.

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For Retirement

- Build a tax-deferred retirement fund by maximizing 2017 retirement plan contributions.
- If you're a lower-income taxpayer, check the savers' tax credit for retirement plan contributions.
- Consider converting a traditional IRA to a Roth IRA (no income limit).
- Check out the starter Roth retirement accounts called "myRAs."

In Business

- Expensing election for new or used business equipment purchased in 2017.
- Tax credit for making your business more accessible to the disabled.
- Carryback of current business operating loss to prior profitable years for a tax refund.
- Deduction for home office expenses.
- Like-kind exchange to defer tax, rather than sale of business property.
- Deduction for retirement plan contributions.
- Deduction for health insurance premiums self-employed taxpayer pays for self and family.
- Tax credit for providing child care facilities for employees.
- Check the *Affordable Care Act* rules to avoid or minimize penalties for noncompliance.
- Tax credit for paying health insurance premiums for employees.
- Entity review to determine if current legal form of operating your business is still best.
- Prepare for new tax filing deadlines for partnerships and corporations, effective for 2017 returns.

On the Job

- Tax credit for child care expenses paid for children under age 13 while you work, seek work, or attend school.
- Earned income tax credit for lower-income workers.
- Deduction for job-hunting expenses (in the same occupation) even if you don't get the job.
- Deduction for job-related moving expenses.
- Deduction for work-related expenses; e.g., specialized work clothes, union or association dues, and continuing education costs.
- Deduction for unreimbursed employee expenses; e.g., business travel, meals, and entertainment.

Smart Investing

- Hold appreciated investments long enough to get favorable long-term capital gain treatment.
- Consider savings bonds. The safe U.S. savings bond can be a sound long-term investment. In addition, you don't have to pay state or local tax on bond interest.
- Keep good records on reinvested dividends to reduce taxes when stock or mutual fund shares are sold.
- Invest in tax-efficient mutual funds.
- Compare after-tax return on investment alternatives, such as municipal bonds vs. corporate bonds.
- Keep investments in the right accounts; i.e., tax-deferred retirement accounts vs. taxable accounts.
- Use a tax-deferred exchange instead of selling an investment property and buying another.
- Net gains and losses during the year to minimize taxable gains.
- If the 3.8% net investment income tax will apply to you, consider strategies to minimize it.

Estate Planning

- Make gifts in 2017; you're allowed to give up to \$14,000 tax-free to as many individuals as you like.
- Review your will and other estate planning documents in light of the current estate tax rules and changes in your personal situation.
- Check your beneficiary designations for needed updating.

Other Tax Cutters

- File a new W-4 with your employer if –
 - your withholding was too high or too low in 2016.
 - your situation changes in 2017 (new baby, marriage, divorce, etc.).
- Manage income and deductions to take advantage of tax breaks that are subject to income limits.
- Plan for the alternative minimum tax if it could affect you.
- Do the necessary recordkeeping to keep your taxes as low as the law allows.

Year-End Moves

- Defer a year-end bonus until 2018.
- If a loss is expected in a partnership or S corporation, increase your basis if necessary to be able to take the loss on your 2017 return.
- If you don't have the cash, use a credit card to pay deductible expenses before December 31.
- Bunch expenses into this year if doing so puts you over thresholds for medical, miscellaneous, or total itemized deductions.

As you do your planning for 2017, stay informed about changes in the tax law. Before making important decisions, contact us for a review of current rules and pending changes. We're here to help you make the choices that will minimize the taxes you pay.

What's New

Constantly changing tax rules make it challenging to stay informed from one year to the next. Here are some of the key tax numbers you'll need for your 2017 tax planning. For a more complete review, please contact our office.

PROVISION	2017
Personal exemption	\$ 4,050
Standard deduction	
• Single	\$ 6,350
• Joint returns and surviving spouses	\$ 12,700
• Married filing separately	\$ 6,350
• Head of household	\$ 9,350
• Additional for elderly or blind (married)	\$ 1,250
• Additional for elderly or blind (single)	\$ 1,550
Income at which itemized deductions and personal exemptions start to phase out	
• Single	\$ 261,500
• Joint returns and surviving spouses	\$ 313,800
• Married filing separately	\$ 156,900
• Head of household	\$ 287,650
Alternative minimum tax exemption	
• Single	\$ 54,300
• Married, joint	\$ 84,500
• Married, separate	\$ 42,250
Maximum wages subject to social security tax	\$ 127,200
Social security earnings limit	
• Under full retirement age	\$ 16,920
• Full retirement age	No limit
Estate tax top rate	40%
Estate tax exemption	\$ 5,490,000
Annual gift tax exclusion (per donee)	\$ 14,000
Health savings account (HSA) contribution limit	
• Single	\$ 3,400
• Family	\$ 6,750
• Additional for 55 and over	\$ 1,000
Maximum retirement plan contributions	
• IRA for those under age 50	\$ 5,500
• IRA for those 50 and over	\$ 6,500
• SIMPLE plan for those under age 50	\$ 12,500
• SIMPLE plan for those 50 and over	\$ 15,500
• 401(k) plan for those under age 50	\$ 18,000
• 401(k) plan for those 50 and over	\$ 24,000
"Kiddie tax" threshold	\$ 2,100
"Nanny tax" threshold	\$ 2,000

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