

Tax planning moves before Dec. 31



When you read this article, there are less than two months to make tax moves that will reduce your taxes when you file your 2013 tax return.

Most don't think about taxes until it's time to file their tax return. By then, it's too late, and filing a tax return is just about collecting all your receipts for the tax preparer. It's the moves you make before Dec. 31 that can reduce your taxes owed for the 2013 tax year. Here's a list of items to consider.

For Employees: First, find out from your employer whether you have any large bonuses that will be paid to you. If you ask, you may be able to have the company pay you in January 2014, and therefore that bonus is not taxable income for the 2013 tax year.

Second, do a tentative tax return for 2013 and be sure to count all sources of taxable income. See if itemizing your deductions on Schedule A would yield more tax savings than taking the standard deduction. If so, then make sure you give all desired charitable contributions, pay owed real estate tax and mortgage payments and incur all medical expenses before the end of 2013.

Note: For tax year 2013, the standard deduction (used for those who do NOT itemize deductions) is \$6,100 for individual taxpayers and/or for those married taxpayers filing separate, \$12,200 for married taxpayers filing jointly and \$8,950 for those filing under the category head of household.

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Investor Guide

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