(Mr. Tenkey's Tips # 464) --- book available @ www.mrtenkey.com

December 28, 2020

Dear Management: Year end's been coming... and many of you, excited by a great year...

Are now trying to spend!

GOT TO LOWER TAXES!

So you think of buying new computers, equipment, furniture, software, etc.

And many people will snap back... "these will be depreciable assets, so whoopy."

They forget about Section 179, and/or the 2020 bonus depreciation allowed in the first year of service.

Both of which, MAY make a good situation out of that maneuver.

But don't forget... they MUST be "in service" by end of month.

And that doesn't mean "still in boxes" in some leftover office somewhere.

Another "go-to" move is paying for LOTS of things in advance.

Which by nature, means you're "prepaying" for it.

So, don't forget the matching principle, that an outlay needs to pair up with the "realized benefit" of said item.

You can't prepay a $10,000.00 (whatever) in Dec 2020, when the (whatever) has a specific time period or is annually based.

Timing matter, so be careful.

My general advice, is to be working through these scenarios (and many more) with your #'s person.

\*\*\* As, all situations will be different based on circumstances.

And hopefully you're doing this, BEFORE the last week of the year.