



## 6 last-minute tax tips for businesses

Year-round tax planning generally produces the best results, but there are some steps you can still take in December to lower your 2025 taxes. Here are six to consider:

- 1. Postpone invoicing.** If your business uses the cash method of accounting and it would benefit from deferring income to next year, wait until early 2026 to send invoices.
- 2. Prepay expenses.** A cash-basis business may be able to reduce its 2025 taxes by prepaying certain 2026 expenses — such as lease payments, insurance premiums, utility bills, office supplies and taxes — before the end of the year. Many expenses can be deducted even if paid up to 12 months in advance.
- 3. Buy equipment.** Take advantage of 100% bonus depreciation and Section 179 expensing to deduct the full cost of qualifying equipment or other fixed assets. Under the One Big Beautiful Bill Act, 100% bonus depreciation is back for assets acquired and placed in service after January 19, 2025. And the Sec. 179 expensing limit has doubled, to \$2.5 million for 2025. But remember that the assets must be placed in service by December 31 for you to claim these breaks on your 2025 return.
- 4. Use credit cards.** What if you'd like to prepay expenses or buy equipment before the end of the year, but you don't have the cash? Consider using your business credit

card. Generally, expenses paid by credit card are deductible when charged, even if you don't pay the credit card bill until next year.

**5. Contribute to retirement plans.** If you're self-employed or own a pass-through business — such as a partnership, S corporation or, generally, a limited liability company — one of the best ways to reduce your 2025 tax bill is to increase deductible contributions to retirement plans. Usually, these contributions must be made by year-end. But certain plans — such as SEP IRAs — allow your business to make 2025 contributions up until its tax return due date (including extensions).

**6. Qualify for the pass-through deduction.** If your business is a sole proprietorship or pass-through entity, you may be able to deduct up to 20% of qualified business income (QBI). But if your 2025 taxable income exceeds \$197,300 (\$394,600 for married couples filing jointly), certain limitations kick in that can reduce or even eliminate the deduction. One way to avoid these limitations is to reduce your income below the threshold — for example, by having your business increase its retirement plan contributions.

Most of these strategies are subject to various limitations and restrictions beyond what we've covered here. Please consult us before implementing them. We can also offer more ideas for reducing your taxes this year and next.