



3 last-minute tips that may help trim your tax bill

If you're starting to fret about your 2019 tax bill, there's good news — you may still have time to reduce your liability. Three strategies are available that may help you cut your taxes before year-end, including:

1. Accelerate deductions/defer income. Certain tax deductions are claimed for the year of payment, such as the mortgage interest deduction. So, if you make your January 2020 payment this month, you can deduct the interest portion on your 2019 tax return (assuming you itemize).

Pushing income into the new year also will reduce your taxable income. If you're expecting a bonus at work, for example, and you don't want the income this year, ask if your employer can hold off on paying it until January. If you're self-employed, you can delay your invoices until late in December to divert the revenue to 2020.

You shouldn't pursue this approach if you expect to land in a higher tax bracket next year. Also, if you're eligible for the qualified business income deduction for pass-through entities, you might reduce the amount of that deduction if you reduce your income.

2. Maximize your retirement contributions. What could be better than paying yourself instead of Uncle Sam? Federal tax law encourages individual taxpayers to make the maximum allowable contributions for the year to their retirement accounts, including traditional IRAs and SEP plans, 401(k)s and deferred annuities.

For 2019, you generally can contribute as much as \$19,000 to 401(k)s and \$6,000 for traditional IRAs. Self-employed individuals can contribute up to 25% of your net income (but no more than \$56,000) to a SEP IRA.

3. Harvest your investment losses. Losing money on your investments has a bit of an upside — it gives you the opportunity to offset taxable gains. If you sell underperforming investments before the end of the year, you can offset gains realized this year on a dollar-for-dollar basis.

If you have more losses than gains, you generally can apply up to \$3,000 of the excess to reduce your ordinary income. Any remaining losses are carried forward to future tax years.

We can help

The strategies described above are only a sampling of strategies that may be available. Contact us if you have questions about these or other methods for minimizing your tax liability for 2019.