



TOP 8 TAX TIPS FOR INDIVIDUALS

1 – By far, the best way to reduce your taxes is to maximize your retirement plan contributions. This can be done by utilizing a 401(k) and contributing to the max. If you own your own company, having a solo 401(k) is excellent

2 – If you own a company, purchasing a vehicle or equipment needed for your company is a good way to reduce the Company's income in 1 year

3 – Paying your spouse as an employee in your company can be another way to defer income and taxes. Use their pay as a retirement plan contribution to essentially double your contributions for the year

4 – Paying your kids can be a way to reduce your income. The amount to pay the kids needs to be reasonable and commensurate to the work actually performed

5 – If you are a cash basis taxpayer, paying next year's expenses early can be a way to reduce current year income. This can include paying your January mortgage in December

6 – Convert your single member LLC or partnership to an S Corporation or a C Corporation. This will potentially reduce your self-employment tax

7 – If you are an AZ resident, contributing to different charities can potentially reduce your federal taxes and provide a credit for your AZ taxes

8 – If you have unused capital losses, consider selling some investment property or stocks at a gain. The gain will be offset with the available capital losses. If you repurchase the same stock be careful of the wash sale rules

With each of these ideas, there are different rules that need to be considered. Your situation may not fit exactly. We will be glad to discuss your situation to see if these ideas or other tips may work for you. If you have any questions, please call us at (623) 412-9169.