

IT'S A WRAP!



As 2016 comes to an end, you should begin planning ahead to set yourself up for success. At Condon and Company, we believe knowledge is key for successful tax preparation, and we make it our mission to ensure you are an informed taxpayer. Our highly experienced tax advisors have compiled a checklist of specific actions that will make filing your 2016 taxes easier and could save you tax dollars.

2016 YEAR-END TAX CHECKLIST FOR INDIVIDUALS

Postpone income until 2017 and accelerate deductions into 2016 to lower your 2016 tax bill.

This strategy may enable you to claim larger deductions, credits, and other tax breaks for 2016 that are phased out over varying levels of adjusted gross income (AGI).

Gift Tax Considerations.

Make gifts sheltered by the annual gift tax exclusion before the end of the year and thereby save gift and estate taxes. The exclusion applies to gifts of up to \$14,000 made in 2016 and 2017 to each of an unlimited number of individuals.

Education Tax Breaks.

Beginning in 2016, to be eligible for the American Opportunity Tax Credit, the Lifetime Learning Credit or the tuition and fees deduction, taxpayers must have received a Form 1098-T, Tuition Statement, from the educational institution they attended in 2016.

Itemized Deductions.

You may be able to save on taxes by:

- Applying a bunching strategy to "miscellaneous" itemized deductions, medical expenses and other itemized deductions for this year and next.
- Settling an insurance or damage claim in order to maximize your casualty loss deduction this year.

Alternative Minimum Tax Considerations.

Estimate the effect of year-end planning moves on the Alternative Minimum Tax (AMT) for 2016. It is important to keep in mind that many tax breaks allowed for purposes of calculating regular taxes are disallowed for AMT purposes. These include the deduction for state property taxes on your residence, state income taxes, miscellaneous itemized deductions and personal exemption deductions.

Realize losses on stock while substantially preserving your investment position.

There are several ways this can be done. For example, you can sell the original holding, then buy back the same securities at least 31 days later.

Deduct now, Pay later.

Consider using a credit card to pay deductible expenses before the end of the year. Doing so will increase your 2016 deductions even if you don't pay your credit card bill until after the end of the year.

Energy Credit.

If you are thinking of installing energy saving improvements to your home, such as certain high-efficiency insulation materials, do so before the close of 2016. You may qualify for a "nonbusiness energy property credit" that won't be available after this year, unless Congress reinstates it.

Employee Benefits.

- Increase the amount you set aside for next year in your employer's health flexible spending account (FSA) if you set aside too little this year.
- If you become eligible in December of 2016 to make health savings account (HSA) contributions, you can make a full year's worth of deductible HSA contributions for 2016.

Convert a traditional IRA into a Roth IRA.

If you believe a Roth IRA is better than a traditional IRA, consider converting traditional-IRA money invested in underperforming stocks (or mutual funds) into a Roth IRA if eligible to do so. Keep in mind, however, that such a conversion will increase your AGI for 2016.

If you have questions about whether certain planning opportunities would benefit you, give us a call. We are here to help you identify the opportunities that help you meet your strategic goals and get a jump-start on your 2016 taxes. When you need a true partner in tax, financial and transaction advisory services, **meet your ally** in Condon.



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