

FALL 2011 NEWSLETTER

FOR QUARTER ENDED
SEPTEMBER 30, 2011

THOMAS E. SINGLETON, CPA

ANNOUNCEMENT

We will be moving our office to 3760 N. Highway 19A effective December 5, 2011. Our post office box and phone numbers will remain the same. Please call or email if you have questions.

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1. Year end tax saving ideas.
2. Home office deduction.
3. Energy saving home improvements.

Year End Tax Saving Ideas, Part A

- Realize any losses on investments.
- Increase basis in S corporation or partnership to take any 2011 loss deductions.
- Use a credit card to prepay expenses.
- Make energy saving home improvements that qualify for tax credits in 2011.
- Put equipment in service before year end to qualify for the 100% bonus first-year depreciation.

Year End Tax Saving Ideas, Part B

- Make expenditures qualifying for the \$500,000 business property expensing election.
- Apply bunching strategy to miscellaneous and other itemized deductions to increase deductible amounts.
- Increase withholding to eliminate or reduce estimated tax penalty.
- Set-up self-employed retirement plan.

Year End Tax Saving Ideas, Part C

- Make gifts taking advantage of the \$13,000 gift tax exclusion.
- Take steps to minimize or avoid income tax on social security benefits.
- Step up level of participation in business activity to meet material participation standard.
- Dispose of passive activity to free up suspended losses.

Home Office Deduction, Part A

If you're self-employed and work out of an office in your home, you may be entitled to deduct the costs of the home office as another business expense. These costs may be deductible if the area you use in the home for business is 1. the principal place of business, 2. the place for meeting customers, or 3. is a separate structure.

Home Office Deduction, Part B

The amount of home office deduction is limited to the income from the business but amounts not deductible in the current year may be carried over and deducted in later years. Any depreciation claimed for the home office will be recaptured if the home is sold at a gain. If you are an employee, you may also be eligible for this deduction. Call me for details.

Energy Saving Home Improvements

Until the end of 2011, there is a 10% credit for residential energy saving improvements up to \$500 (no more than \$200 for windows) as a life time limitation for tax years ending after 2005.

Until the end of 2016, there is a 30% annual credit for qualified solar energy and solar water heating property. These credits cover hardware and installation. Call me if you want to go “green”!

Disclaimer

The information in this newsletter is general in nature. Please consult with your tax advisor if you have questions or want to implement any of the ideas contained herein. Thank you for your interest.