

# HILLBERG NEWSLETTER

## INCOME TAX, ACCOUNTING, CONSULTING AND BUSINESS ADVISORY SERVICES

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### TAX PLANNING

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#### Take steps to cut your 2011 taxes

There's not much time left to lower your 2011 tax bill. Some actions you might consider before year-end:

- \* Prepay college tuition you'll owe for the first semester of 2012. This year you can deduct up to \$4,000 for higher education expenses. Income limits apply.
- \* Max out your retirement plan contributions. You can set aside:
  - \$5,000 in an IRA (\$6,000 if you're 50 or older)
  - \$11,500 in a SIMPLE (\$14,000 if you're 50 or older)
  - \$16,500 in a 401(k) plan (\$22,000 if you're 50 or older)
- \* Planning to buy a new car? Buy before year-end if you're going to choose to deduct sales taxes instead of local and state income taxes.
- \* Install energy-saving improvements in your home (such as insulation, doors, and windows), and you might qualify for a tax credit of up to \$500.
- \* Estimate your tax liability for 2011. If necessary, adjust your final quarterly voucher or your withholding to avoid underpayment penalties.
- \* Establish a pension plan for your small business. You may qualify for a tax credit of up to \$500 in each of the plan's first three years.
- \* Buy equipment needed in your business to qualify for 100% bonus depreciation or up to \$500,000 of first-year expensing.

Contact Hillberg & Co. at 209-667-2406 to review these and other tax-savings moves you should consider before year-end. You can also reach us by email at [Hillberg@hillbergcpa.com](mailto:Hillberg@hillbergcpa.com).