

Give yourself a tax break with year-end planning

PHILADELPHIA — From a tax point of view, this is the time of the year to get down to basics. The right steps now can save you from paying unnecessary business and personal income taxes that according to Robert J. Hilly, CPA, President of the Pennsylvania Institute of Certified Public Accountants, often inflate your tax bill.

Between now and December 31, you can arrange your financial affairs, either to increase or retard your 1980 taxable income depending upon which would serve your advantage.

CPAs suggest you ask yourself these questions:

Am I eligible for income averaging if I made much more money this year than in the previous four?

Could I take advantage of income averaging by

cashing in a substantial amount of certain savings bonds?

Can I shift a capital gain into 1981 by making a short sale on my stock now, and delivering it next year?

Can I still make any energy-saving improvements on my home which would entitle me to tax credit?

Can I accelerate my deductions by paying real estate or other taxes this year instead of next?

Would additional medical or charitable deductions be better this year or next?

If you own the farm business, there are still more tax breaks to consider.

Suppose after computing your 1980 income you suspect you might save money by shifting some income into 1981. Here are some options.

If you are on a cash basis you can readily defer income. To an extent, you can hold off billing customers until next year — or until so late in December that no payment is likely in 1980.

Income generally must be received to be reported, so if you want to defer income, be sure it has not been received.

If you are an accrual basis taxpayer, you may be able to postpone completion of a job until 1981 so the right to income arises then, even though most of the actual work is done in 1980.

Also, hold up deliveries that will defer income, and not inconvenience customers.

Step up certain deductions to lower 1980 income by paying all your bills now and by paying some expenses which would normally be incurred next year. For instance, you may want to stock up on supplies for next year and pay for them now. Or, you may want to sell at a loss all items which aren't moving.

If you buy equipment on the last day of the taxable year and put it into use that day, you can take a full 20 percent first-year depreciation on your tax return — in addition to other depreciations for which you qualify.

This bonus depreciation is

limited to \$10,000 of cost — \$20,000 if a joint return is filed — each year on equipment with at least a six-year useful life. (Whether or not you qualify may depend on your accounting method, so check

with your tax advisor.)

Some business property which qualifies for the regular 10 percent investment credit may also qualify for an energy credit, giving you a double tax credit of up to 25 percent,

CPAs say.

Any unused credits can be carried back and carried over, so consider taking advantage of the credit as soon as possible by investing in such property before the end of the year.

Maryland DHIC to meet

NORTHEAST, Md. — The 28th Annual Meeting of the Maryland Dairy Herd Improvement Corp. will take place on Wednesday, January 7, 1981 at Sandy Cove Morning Cheer in North East (Cecil County), Maryland.

The meeting will begin at 10:30 A.M.

Following a brief business meeting, the DHI Super-

visors will be awarded their Incentive Pay. Lunch will be a buffet of fried oysters, ham and roast beef with all the fixins', plus dessert. Plan to join your neighbors for fun, food, and fellowship.

After lunch, the VIP program and the somatic cell count program will be discussed, and farmers will have a chance to get some of their questions answered.

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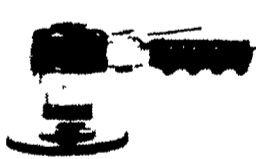
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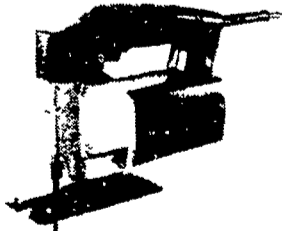


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