

# 2018 YEAR END PLANNING CHECKLIST FOR INDIVIDUALS



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## DATA GATHERING AND INITIAL QUESTIONS

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- How much income is earned, deductions taken, and income tax withheld or paid in so far in 2018?
- Will taxpayer's income change in 2019?
- Is the taxpayer impacted by Net Investment Income Tax (NIIT) or Alternative Minimum Tax (AMT)?
- How much capital gain or loss can be taken before year end?
- Does taxpayer make charitable contributions?
- Does taxpayer plan to make contributions to 529 college savings plans or ABLE savings accounts or make annual gifts?
- Does taxpayer receive income or losses from a pass through business?

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## TCJA SPECIAL ISSUES AND OPPORTUNITIES

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- Calculate the potential §199A deduction
- Assess limits on business interest expense
- Apply limits on itemized deductions
- Determine if the Excess Business Loss limitation applies
- Consider gain deferral by investing in Qualified Opportunity Zone Fund
- Double check withholding to end of the year since tables have changed

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## GENERAL PLANNING TECHNIQUES

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- Defer Income & Accelerate deductions
- Generate losses or match losses with gains
- Manage classification of income: capital vs. ordinary; passive vs. active
- Review basis limits to maximize pass through losses
- Assess potential impact of AMT and NIIT
- Claim tax credits; consider acquiring state tax credits

- Contribute maximum amounts to IRA, profit sharing, and employer retirement savings plans;
- Maximize contributions to HSA and manage Flexible Spending Accounts
- Decide if Hurricane damages occurred in a federally declared disaster area and whether to claim the loss in 2018 or 2017
- Confirm records available to support reporting Cryptocurrency transactions
- Use “bunching” strategy to maximize standard deduction/itemized deduction
- Use credit cards to make charitable contributions and pay medical expenses before year end
- For those age 70 ½, use IRA RMD to make direct charitable contributions

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## **STATE AND LOCAL TAX AND INTERNATIONAL TAX**

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- Confirm year-to-date withholding and estimated tax payments for state income tax
- Determine if taxpayer’s state conforms to the federal tax rules as of 1/1/2018
  - Any adjustments necessary for itemized deductions or other items decoupling from federal law?
- Determine if taxpayer has activity in additional states in 2018
- Any new international income/loss items to include in income for 2018?

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## **GIFTS AND TRUSTS**

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- Evaluate discretionary trust distributions and new Kiddie Tax regime to maximize family income
- Fully fund HSA now to create stream of tax free income later
- Make annual gifts (\$15,000 per done) and lifetime exclusion gifts
  - Make direct payments of tuition & medical expenses
- Frontload Sec. 529 plan contributions and ABLE Account contributions with 5 years of annual exclusion in one gift (Single \$75,000 or Married \$150,000 )
- Estate planning is still important. Confirm if taxpayer has updated documents in the last year

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## **ANALYSIS AND RESULTS**

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- Confirm again year-to-date withholding and estimated tax payments
- Calculate the projected tax due for 4<sup>th</sup> quarter 2018 and balance due at April 15, 2019
- Evaluate impact of 2019 income on actions in 2018
- Identify actions taxpayer can take to reduce 2018 tax bill
- Consult your tax advisor