

# Memo

**To:** All Clients - Merry Christmas and Happy New Year!

**From:** Gregory Barford

**Date:** 12/3/19

**Subject:** *Business* Income Tax Planning for 2019 (See the enclosed for Individual Income Tax Planning for 2019)

As 2019 draws to a close, businesses should review their tax planning strategies and techniques. This memo explores some of the year-end planning consideration that affect business in general. Of course, every business is unique. We've now had a year to assess the impact of last year's "Tax Cuts and Jobs Act", also known as the Trump tax plan, and to understand how your own tax situation was affected. Our office can review your business and together we can design a year-end tax strategy.

## Key Actions to Take Before 2019 Year End to Lower Income Taxes

1. Fixed Assets- Be sure to purchase machinery, equipment, furniture, fixtures, etc. before year end. Do not make over purchases of fixed assets to lower income taxes; **purchase only what you need.**
2. Pay Expenses and Defer Collections of Receivables- Pay where you can, before the end of 2019, money owed to vendors that you would normally pay to vendors in 2020. Defer collections of receivables to 2020 where you can.
3. Retirement Plans- Maximize simple IRA and 401 K deductions for yourself, spouse and where applicable, your children before the end of 2019.

Employer Plan Type	Under Age 50	Age 50 and Over
Simple IRA	\$13,000	\$16,000
401K and 403B	\$19,000	\$25,000

4. Children on Payroll- Put children on your payroll to shift income to lower tax brackets; contact my office for further details. In addition, it is also possible to pay children \$599, and you do not have to report on a 1099, and the child may not have to pick this up as income on their tax return.
5. Make Loans to the Business to Deduct Business Losses-When you have business losses, we have to make sure you have basis to deduct these losses. Therefore, we may have you make a short-term loan to the business by year end so we can deduct these losses.

**Contact our office for further details: 301-865-4648 or [gab@gabcpa.com](mailto:gab@gabcpa.com)**

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