



# 2009 Year-End Tax Planning Checklist

As the year draws to a close, this is an important time to consider any last minute actions which might lower your Federal tax bill. Here are some ideas to consider now.

1. **Enhanced depreciation provisions** - Under the "bonus" depreciation provisions, there is an opportunity to expense up to half the cost of certain new property placed in service prior to December 31, 2009. Under the enhanced "Section 179" provisions, there is an opportunity for some taxpayers to expense up to \$250,000 of fixed assets placed in service prior December 31, 2009. Both of these provisions are in addition to the normal tax depreciation rules.
2. **Repair vs. capitalize** - Take advantages of recent court cases which provide opportunities to expense (rather than capitalize and depreciate over many years) the costs of various building improvements (i.e. new roofs).
3. **Domestic production deduction** - Taxpayers which manufacture or construct tangible products can be entitled to 6% deduction for 2009 in addition to the direct expenses associated with the production itself.
4. **Net operating loss carryback** - Under recently passed legislations, taxpayers who have net operating losses in 2008 and/or 2009 can amend returns up to 5 years prior to the loss year and obtain a refund of prior taxes paid.
5. **Sport utility vehicles (SUVs)** - The tax code still contains a limited opportunity to expense up to \$25,000 of a large SUV (gross vehicle weight of 6,000 pounds or more).
6. **Retirement plans** - Even for taxpayers who report their taxes on a cash basis, most retirement plan contributions can be funded by the extended due date of the tax return. For a calendar year 2009 tax return, this contribution can be funded as late as September 15, 2010. Some types of retirement plans, however, must be established prior to the end of the year in order to claim the deduction.
7. **Related individual tax planning** - Many businesses are operated as S corporations or Limited Liability Companies (LLCs). As such, the income or loss flows through to the owners of the business. Consider the expected income or loss by projecting your personal 2009 tax liability and consider such items such as enhanced charitable contributions, prepayment of state taxes (watch out for the Alternative Minimum Tax!) and other related items.

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8. **Go green** - There are a number of tax incentives for investments in clean energy such as solar, geothermal, wind, etc. While there may not be enough time by year end to implement this, consider these investments and related tax benefits for future years.
  
9. **Accelerate income, defer deductions** - There is widespread speculation that tax rates will increase in the future. If you believe this, then the opposite of traditional tax planning might make sense as income received today may be taxed at a lower rate than income received next year.
  
10. **Research & Development tax credit** - The tax code provides generous tax credits for research activities. The type of research which qualifies often includes development of intangible and other intellectual property and is not limited to laboratory type research.

Of course, no steps should be taken just for the tax benefit—every move must make business sense. Please feel free to call your Wilkin & Guttenplan advisor to discuss if any of these ideas might be appropriate for your business.

*Any U.S. tax advice contained in this communication is not intended or written to be used, and cannot be used, for the purpose of avoiding tax penalties that may be imposed on the taxpayer.*

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