



Year End Planning

As the fourth quarter approaches, our team wanted to take an opportunity to share effective and essential year end planning strategies. As you review the following information, if we can be a resource to you, please feel free to [contact us](#).

It is important to close out the year properly as well as plan for the new year. We encourage you to review the following strategies while preparing your year end planning.

Meet with your accountant now. Do not wait until December to have your end-of-year meeting. Effective planning takes time and it is important that you have a good understanding of your company's financial situation. Reminder: You will need to tell your payroll company if you have payroll items that affect your taxability. Some of these would be medical fringe benefits for company shareholders, the use of a company car for personal travel needs to be reported to your payroll company, group term life insurance over \$50k needs to be reported for all employees. Your accountant should be preparing the calculations for these types of items now so that you can include them in your payroll before the last pay of 2008.

Increase your expenses. Purchase items your business will need between now and the end of the first quarter of the new year. Consider making equipment purchases, paying invoices early, and book any travel to be taken in the upcoming year.

Pay off the deductible expenses before year's end. If you pay off your state taxes or property taxes early, that accelerates your federal deductions.

Encourage your employees to add to their 401k. To lower your tax bill, you may want to increase your contribution (but, do not go over the limit).

Give a gift to charity. Consider giving the gift of stock instead of cash. (stocks with large capital gains would be a good choice). Instead of selling them, you could donate them and avoid paying tax on the appreciation.

These end-of-year tips will apply differently to each business owner's situation and accounting method. Take the time to review the best strategy with a professional.

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