

Tips for Jump-Starting 2016-2017 Tax Planning

Many individual and business taxpayers and tax professionals (us included) across the nation breathed a sigh of relief after filing 2015 tax returns by April 18th. No more headache and daunting accounting until next year!

Regardless of how your experience was this year – on time filing, scrambled to make the deadline or requested for an extension – what the tax team at **Lindquist, von Husen & Joyce LLP (LvHJ)** would recommend is to **start proactive planning now and continue throughout the year** so you will be well-prepared to file returns for tax year 2016 accurately and on time.

Here are examples of what you should review, improve, and act on now:

1) Recordkeeping

- **Organize your financial information:** Choose a method (e.g., folders, online) that works the best for you to keep track of your receipts and other important financial documents and records timely and safely.
- **Retain your records:** The IRS advises individual taxpayers to keep your filed tax returns for 3 years and provide additional guidance on recordkeeping for **individuals, business expenses, and nonprofit organizations** on their website.

2) Life Changes

- **Maintain or sign up for health insurance:** Make sure you, your family or employees have the health care coverage required by the federal government – either through an employer, a private insurance company or through **Health Insurance Marketplace** plan.
 - For the tax year 2016, the annual penalty of not having an adequate insurance coverage will increase to \$695 per adult and \$347.50 per child (maximum penalty of \$2,085 per family).
 - If you bought the Marketplace insurance and received tax credit, **make sure to update your financial**

information throughout the year to get the most benefits and help you qualify for.

- **Start or make appropriate changes to your retirement plans:** Consider contributing (more amount) to a 401(k), 403(b), or a Traditional IRA to **lower the taxable income** in the coming year.
- **Assess whether you are eligible for Child Tax Credit:** If you are going to welcome a new member into your family during the tax year 2016, you may wish to review **specific requirements** for qualification. If you already qualify, be aware of the **maximum tax credit amount for the tax year 2016**.

3) Charitable Contributions

- **Make contributions by year-end:** Making contributions to a charity or donating goods can help reduce your tax liability for your next tax filing. **Keep track of receipts and file for deduction as you make each donation** so you can avoid scrambling to find those documents during the next tax season.

4) “Green” Tax Breaks

- **Consider purchasing energy-efficient vehicles or qualifying equipment run by alternative energy sources to upgrade your residential properties:**
 - **Residential Energy Efficiency Tax Credit** has been extended for tax year 2015 and 2016.
 - o If you buy a fully electric (“plug-in”) or hybrid cars, you could be eligible for tax credits of \$2,500 – \$7,500 depending on the battery size.
 - o You can be qualified for this tax credit if you **install qualified equipment** in 2015 and 2016 (Expires on 12/31/2016).
 - **Keep important documents (e.g., receipts, contracts) and obtain a certification** from the manufacturer of the product that qualifies.



If you have any questions or need consultation to kick off your 2016 tax planning, please contact **Alex Wong**, Partner, at awong@lvhj.com or 415-905-5426.

[Click here to read more about Alex Wong.](#)

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