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So what the heck is this? It's the first Green Sheet, a short, informal collection of tax-related tips, reminders and information. The Green Sheet will be published quarterly by Larry A. Jaffe, P.C. and distributed to current clients. I promise you won't find lengthy, detailed technical articles here. Instead, you'll get a bunch of "quick-hitters:" tax tidbits you might find of value. As always, we welcome your feedback. Please contact us if there are any subjects you'd like to see covered.

YEAR END INDIVIDUAL TAX PLANNING TIPS

Year end always offers opportunities for tax savings. Actions taken prior to January 1 can increase refunds or reduce the amounts of tax due. For example:

◆ **Dump the Losers.** Consider selling stocks, mutual funds or other investments that have lost value. . .up to \$3,000 of capital losses can be used to reduce other taxable income. . .if you wish, you can sell and then repurchase the same investment after 30 days without penalty

◆ **Prepay State Tax.** State taxes are generally deductible on federal returns. . .paying by 12/31 any state tax due next year accelerates this deduction from 2002 to 2001

◆ **Clean Out The Garage.** Non-cash contributions (old clothing, appliances, furniture, etc.) made by 12/31 are usually deductible. . .the amount of the deduction is limited to fair value of property. . .make a trip to Goodwill before New Year's Eve and remember to get a receipt

◆ **Buy That Computer Now.** Purchases of business equipment can often be written off immediately. . .as much as \$24,000 per year. . .property must be "in service" in 2001, though payment can be made later

◆ **Oregon College Savings Plan.** This new plan allows earnings on college savings accounts to escape federal and state tax. . .contributions of up to \$2,000 are deductible on Oregon returns. . .taxpayers contributing full \$2,000 will typically save \$180 each year in state income tax

◆ **Oregon Political Credit.** Reduce your state income tax one dollar for every dollar contributed to candidates, parties or political committees (up to \$100 for joint filers)

◆ **IRA Contributions.** Contributions to traditional IRAs don't have to be made until April, 2002 to be deducted on 2001 tax returns. . .but contributing earlier means tax deferral on earnings starts sooner

Many clients find it helpful to have our office prepare personal year-end tax projections. . .these can identify problems and present solutions. . .please contact our office if you're interested

TAX RETURN FILING SEASON

Looking ahead to the actual filing season, here are some things to start thinking about:

◆ **Tax Organizers.** As always, these workbooks will be mailed in early January. . .accurately completed organizers can mean reduced fees, quicker returns

◆ **Include Tax Forms With Organizers.** W-2, 1099, 1098 and K-1 forms should be forwarded to our office with your tax organizers. . .these documents help with preparation and may come in handy if returns are audited in future

◆ **Return Organizers After 2/1.** You'll probably want to wait until February 1 to return your organizers. . .January 31 is the mailing deadline for W-2 and other tax forms. . .please schedule an appointment if you wish to review your organizer with us

EMPLOYEES: GOOD TIME TO REVIEW COMPENSATION

Year end is an excellent time for employees to consider revisions to their compensation packages:

◆ **W-4 Withholding Instructions.** Employees use IRS Form W-4 to advise employer how much to withhold. . .withholding too little can mean large tax bill in April, too much means giving government interest-free loan

◆ **Retirement Plans.** Employers often have 401(k) or IRA plans for employees. . .income tax advantages can often be significant. . .failure to make a minimum contribution may mean turning away "matching" funds your employer would contribute on your behalf

◆ **Cafeteria Plans.** Eligible employees can pay certain expenses with "pre-tax" dollars. . .qualifying expenditures may include health insurance premiums, medical costs, dependent care, etc. . .year end is when employees designate amounts to be withheld. . .also, be sure to spend everything you've set aside or you could forfeit some withholdings

◆ **Vacation Pay/Sick Pay.** Review employer policy to avoid any "use it or lose it" surprises

Some of you might recognize a familiar face and voice this tax season: Ron Bodeen will be in the office Fridays and Saturdays helping out. . .major tax legislation was passed earlier in 2001 and additional bills are being discussed in light of September 11; we'll continue to review the new laws to seek advantages for you

Thanks to all our clients for your continuing support and trust. Best wishes to all for a safe and happy holiday season and prosperous 2002.