

Tax Tips and Information – December 2011

- **State Taxes** – Even though it may not be due until January, you may want to pay your 4th quarter state estimate in December so that it will be deductible for regular tax purposes in 2011.
- **Donations** – Accelerate contributions planned for 2012 into 2011. Donations must be charged or the checks mailed by December 31st to ensure a 2011 deduction. Another consideration is to donate appreciated stock that you have owned for more than one year – you can deduct the full value of the stock and won't pay tax on the appreciation.
- **Mortgage Interest** – You may want to make your January 2012 payment in December. This will allow you to deduct the mortgage interest in 2011. Note: you cannot make more than 13 monthly mortgage payments in one year.
- **Medical** – If you have exceeded the 7.5% AGI threshold (or are close to it) for medical expenses consider getting and paying for elective procedures in 2011.
- **Mileage Deductions** - Mileage rates changed during the year. Be sure to provide us with your business, medical, and charitable miles.
- **Refinancing** - If you refinanced your home in 2011, be sure to provide us with the settlement sheet (HUD form) plus a summary of how any additional loan proceeds were used.
- **Capital Gains** - If you paid margin interest, short-term gains will boost your write-off. Margin interest is deductible only up the amount of investment income which includes short-term gains.
- **Capital Losses** - Selling losers can reduce your tax bill. Capital losses offset your gains and you are allowed a \$3,000 loss and excess loss is carried to 2012. Losses are not allowed for a “wash sale”.
- **Worthless Investments** – If you own stocks or bonds that became worthless in 2011, be sure to provide us with the cost and purchase dates so that any allowable deductions can be reported on your returns.
- **RMD** – Taxpayers who are 70 ½ and older must take their required minimum distribution by December 31st.