

ACCURATE BOOKKEEPING & ACCOUNTING

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End-of-Year Tax Tip

Dear Readers,

One last tax tip before the year ends!

Do you have any investments which are dogs and you've been considering dumping? From a tax perspective only, there is a tax advantage to selling (or writing off) before year-end. Investment losses are deductible and will help to offset income. This will reduce your tax burden and save you money in the current year. Be certain to include all brokerage costs, in and out, plus any previous dividends and distributions in mutual funds, when figuring your adjusted tax basis.

This is not to say that all investments which have lost money should be sold. There are varied reasons to hold onto investments which have underperformed. They include expected future increases, expected market up cycles, and even one tax consideration. That would be if you expect your income to increase substantially next year. If that is the case, hold on and take the loss next year to offset the higher income.

If, however, you feel now is the time, take your tax loss in the current year and save a little cash.

All the best and Happy New Year,

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