

Do You Need a Mid-Year Tax Checkup?

Article Highlights:

- Procrastination Can Lead to Unneeded Taxes & Penalties
- Events That Create Tax Problems & Opportunities
- Mid-Year Tax Checkup

If you are inclined to procrastinate until the end of the year or, even worse, until tax-filing season to worry about your taxes, you may be missing out on opportunities to reduce your tax and avoid certain penalties. The following are some events that can affect your tax return; you may need to take steps to mitigate their impact and avoid unpleasant surprises after it is too late to address them.

- Did you get married, get divorced, or become widowed?
- Did you change jobs or has your spouse started working?
- Did you have a substantial increase or decrease in income?
- Did you have a substantial gain from the sale of stocks or bonds?
- Did you buy or sell a rental?
- Did you start, acquire, or sell a business?
- Did you buy or sell a home?
- Did you retire this year?
- Are you on track to withdraw the required amount from your IRA (age 70.5 or older)?
- Are you taking advantage of the IRA-to-charity transfers (age 70.5 or older)?
- Did you refinance your home or take out a second home mortgage this year?
- Were you the beneficiary of an inheritance this year?
- Did you welcome a new child into your family? Time to consider a tax-advantaged savings plan!
- Are you taking advantage of tax-advantaged retirement savings?
- Have you made any significant equipment purchases for your business?
- Are you planning to purchase a new business vehicle and dispose of the old one? It makes a significant difference whether you sell or trade in the old vehicle.
- Are your cash and non-cash charitable contributions adequately documented?
- Did you, or are you planning to, make energy-efficiency improvements to your main home or install a solar system for your main or second home this year?
- Are you paying college tuition for yourself, your spouse or dependent(s)?
- Are you keeping up with your estimated tax payments or do they need adjusting?
- Did you purchase your health insurance through a government insurance marketplace and qualify for an insurance premium subsidy? If your income subsequently increased, you may need to be prepared to repay some portion of the subsidy.
- Do you have substantial investment income or gains from the sale of investment assets? If so, you may be hit with the 3.8% surtax on net investment income and need to adjust your advance tax payments.
- Did you make any unplanned withdrawals from an IRA or pension plan?
- Have you stayed abreast of every new tax law change?

If you anticipate or have already encountered any of the above events or conditions, it may be appropriate to schedule a mid-year tax checkup and consult with this office—preferably before any of the events listed, and definitely before the end of the year.