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## Year-End Tax Saving Tips For Individuals

### MAKE A GIFT

Just like in 2020, you can make a cash donation of up to \$300 to a qualified charity and claim it on your 2021 return, even if you don't itemize deductions. And for itemizers, you can still donate up to 100% of your adjusted gross income. The old 60% threshold returns in 2022. But don't wait. You'll need to make all your donations by December 31.

### BE FLEXIBLE

If you're enrolled in a flexible spending account (FSA), be sure to save the maximum your budget allows. In 2021, you can put a maximum of \$2,750 into an FSA. And thanks to the December 2020 stimulus legislation, any unused funds can be rolled over to 2022. Typically, FSA funds are used or lost each year.

### SPEED IT UP

It might make sense to accelerate paying some of your last-minute bills. Paying those doctor or medical bills before the end of the year counts toward your itemized medical expense deduction. And paying your property tax bill now, even though it's due in January, means you can claim that expense on your 2021 tax return.

## HARVEST LOSSES

Selling investments that have lost money can help offset gains from other investments. This is called tax-loss harvesting, and we discuss it in more detail in the Tax-Loss Harvesting article.

## GATHER IT UP

If you started a side hustle in 2021, maximize your tax deductions with your business expenses. Sift through your electronic receipts for things like your internet service and cell phone charges. Generally, a portion of these costs are tax-deductible. Keep copies of your receipts and document how you calculated the business amount. And don't forget about your car. If you kept a mileage log of your business trips, you could deduct a chunk of your actual expenses or \$0.56 per mile.

## CONVERT IT

Consider converting your traditional IRA to a Roth IRA especially if you can pay the tax due on the IRA withdrawal out of pocket. If you believe taxes will be higher when you retire convert now and pay today's lower tax rate.



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