

## 2017 Year-End Tax Saving Strategies For Businesses

- Consider making expenditures that qualify for the business property expensing option. For tax years beginning in 2017, the expensing limit is \$510,000 and the investment ceiling is \$2,030,000.
- Consider making expenditures that qualify for 50% bonus first year depreciation if bought and placed in service this year. The 50% first year bonus write off is available for new equipment even if qualifying assets are in service for only a few days in 2017.
- If you own an interest in a partnership or S corporation, consider whether you need to increase your basis in the entity so you can deduct a loss from it this year.
- To reduce 2017 taxable income, consider disposing of a passive activity in 2017 if doing so will allow you to deduct suspended passive activity losses.
- Businesses may be able to take advantage of the “de minimis safe harbor election” to expense the costs of lower-cost assets and material and supplies.
- If your business qualifies for the domestic production activities deduction (DPAD) for 2017, consider whether the 50% of W-2 wages limitation on that deduction applies. If it does, consider ways to increase 2017 W-2 income by bonuses to owner-shareholders.
- Consider the work opportunity tax credit (WOTC) which allows employers who hire members of certain targeted groups to get credit against income tax for a percentage of first-year wages.
- Take another look at the Research tax credit which was finally made permanent with the 2015 Path Act. The act also enhances its benefits, particularly for smaller businesses. The credit is for all businesses of all sizes, not just large companies. The credit is available to any company in any industry industry for not only developing new products, but also improving processes.
- Small Business Health Care Tax Credit. Small business employers with 25 or fewer full-time-equivalent employees (average annual wages of \$52,400 in 2017) may qualify for a tax credit to help pay for employees' health insurance. The credit is 50 percent (35 percent for non-profits).
- Retirement Plans. Self-employed individuals who have not yet done so should set up self-employed retirement plans before the end of 2017. Businesses with profit sharing provisions in their 401(k) plan should consider allocating a portion of profits.