

6 TAX PLANNING MOVES TO MAKE BEFORE 2026

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HEY, I'M CHEREÉ!

Whenever I ask a small business owner what their financial goals are, saving on taxes is ALWAYS at the top of the list!

However, a lot of taxpayers don't realize that there's *an expiration date* on certain tax strategies. If you wait until after the ball drops on New Year's Eve, you could be missing out on some of these powerful tax savings opportunities.

Disclaimer: *This guide is for educational purposes only and does not constitute tax, legal, or financial advice. Always consult with a qualified tax professional who understands your unique situation before making any tax-related decisions.*

1 MAXIMIZE RETIREMENT CONTRIBUTIONS

Maximizing (*or at least contributing as much as possible given your financial situation*) your retirement contributions isn't just a powerful tax savings tool; it's a crucial way to set "future you" up for success!

EMPLOYER-SPONSORED RETIREMENT PLANS

HOW MUCH

In 2025, you can contribute up to \$23,500 pre-tax. If you're 50-59 or over 64 years old, you're allowed an additional \$7,500 catch-up contribution. If you're age 60-63, you may be able to make a \$11,250 catch-up contribution.

WHEN

Elective deferrals (employee contributions) must be made by December 31st, 2025.

IMPACT

Traditional (pre-tax) contributions reduce your current taxable income.

2 HARVESTING CAPITAL TAX LOSSES

Before the year ends, you need to review your investment portfolio for potential tax savings. If you have losses, you may be able to take advantage of tax loss harvesting (selling certain investments at a loss) to offset your taxable income.

OFFSETTING CAP GAINS

Capital losses can offset your capital gains on a dollar-for-dollar basis.

OFFSETTING INCOME

If your capital losses *exceed* your capital gains, they can offset your ordinary income by up to \$3,000 (\$1,500 if married filing separately).

WHEN

Any sales must be completed by December 31, 2025.

NOTE

Repurchasing the same (or “substantially identical”) stock 30 days before or after the sale disallows the loss for tax purposes.

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MAKE CHARITABLE CONTRIBUTIONS

The holidays are a time of giving, plus being charitable can save you on taxes! If you itemize (aka you don't take the standard deduction), here's what you need to know:

CASH DONATIONS

For 2025, the deduction limit of qualifying cash donations is 60% of your AGI.

APPRECIATED ASSETS

Generally, the deduction limit on appreciated non-cash assets held more than a year is 30% of your AGI for 2025.

WHEN?

Donations must be made by December 31, 2025.

NOTE

Donations must be made to *qualified organizations*, and you must keep clear, detailed records to substantiate your donations.

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REQUIRED MINIMUM DISTRIBUTIONS

If you're a retiree who is 73 years or older (or have inherited an IRA with RMD requirements), taking your Required Minimum Distributions is key to avoiding penalties!

DEADLINE

If required, you must take your RMD before December 31, 2025.

FIRST-TIME RMD

If you turn 73 in 2025, your first-time RMD can be delayed until April 1, 2026. However, you'll need to take two RMDs in 2026 in this case.

PENALTY

If you don't take your RMD, the penalty is 25% of the amount that should have been distributed (but was not). This penalty can be reduced to 10% if corrected during the "correction window."

Certain special cases for RMDs apply, consult with your tax accountant.

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BUNCH QUALIFYING TAX DEDUCTIONS

If you're trying to decrease your taxable income for the current tax year, or you're coming close to the standard deduction, consider bunching deductions:

BUNCHING DEDUCTIONS

Prepaying or accelerating deductible expenses in 2025 to "bunch" the deductions in the current tax year and move you over the standard deduction threshold to take advantage of itemizing your deductions.

EXAMPLES

Examples of this strategy are: paying your property tax bill in 2025, making multiple years' worth of charitable contributions, or strategically scheduling and paying for medical expenses before year-end.

Consult with your tax accountant to determine how you could most effectively bunch deductions depending on your income.

6 MAKE A CONTRIBUTION TO A 529 PLAN

While there's no federal tax deduction for contributing to a 529 plan for qualifying education expenses, several states have deductions or credits for your contributions to help lower your state tax bill.

WHEN

Contributions to a 529 plan must be made by December 31, 2025 to qualify for a credit or deduction in 2025. If you don't already have a 529 plan, you can start one anytime.

BENEFITS

529 plans offer tax-free growth on your contributions and tax-free distributions (when used for qualified education expenses). You aren't just limited to qualifying post-secondary education expenses; 529 plans can be used to fund up to \$10,000 annually for tuition at an elementary or secondary public, private, or religious school (depending on your state).



LET'S CONNECT!

I'm passionate about helping small business owners understand their numbers through monthly bookkeeping, increase profits and streamline business processes, and lower their tax liabilities.

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