



Marc M. Asheghian Company, Inc.

Certified Public Accountants and Consultants

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Dear Valued Client,

As the end of 2024 approaches, it's essential for business owners to engage in strategic tax planning to optimize their financial outcomes. Below are key considerations to guide your year-end tax strategies:

1. Monitor Legislative Developments

Recent political shifts suggest potential changes to tax policies, including corporate tax rates and deductions. Staying informed about legislative updates is crucial, as these changes can significantly impact your tax obligations. We will keep you updated on relevant developments and advise on necessary adjustments to your tax planning strategies.

2. Optimize Depreciation Deductions

The Tax Cuts and Jobs Act (TCJA) introduced significant changes to depreciation rules:

- **Bonus Depreciation:** For 2024, businesses can claim 60% bonus depreciation on qualified property placed in service during the year. This percentage is set to decrease in subsequent years. Consider accelerating asset acquisitions to take advantage of the higher deduction rate.
- **Section 179 Expensing:** The maximum deduction for Section 179 expensing in 2024 is \$1.16 million, with a phase-out threshold of \$2.89 million. This provision allows immediate expensing of qualifying property, subject to limitations.

3. Review Accounting Methods

Assess your accounting methods to ensure they align with your financial goals:

- **Cash vs. Accrual Basis:** Depending on your business size and structure, choosing the appropriate accounting method can impact income recognition and tax liability.
- **Inventory Accounting:** Evaluate inventory valuation methods (e.g., FIFO, LIFO) to determine the most tax-efficient approach.

4. Manage Income and Expenses

Strategically timing income and expenses can influence your taxable income:

- **Deferring Income:** If anticipating higher tax rates in future years, consider deferring income to 2025.
- **Accelerating Deductions:** Accelerate deductible expenses into 2024 to reduce current-year taxable income.

5. Utilize Tax Credits

Explore available tax credits to reduce your tax liability:

- **Research and Development (R&D) Credit:** If your business engages in qualified research activities, you may be eligible for the R&D tax credit.
- **Work Opportunity Tax Credit (WOTC):** Hiring individuals from targeted groups can provide valuable tax credits.

6. Plan for State and Local Taxes

State and local tax (SALT) considerations remain important:

- **SALT Deduction Cap:** The TCJA imposed a \$10,000 cap on SALT deductions for individuals. While this primarily affects individual taxpayers, pass-through entities should be aware of the implications for their owners.

7. Evaluate Retirement Plans

Offering retirement plans can benefit both your employees and your business:

- **Contribution Limits:** For 2024, the contribution limit for 401(k) plans is \$23,000, with an additional \$7,500 catch-up contribution for those aged 50 and over.
- **Tax Credits:** Small businesses may be eligible for tax credits to offset the costs of establishing retirement plans.

8. Address International Considerations

If your business operates internationally, be mindful of:

- **Global Intangible Low-Taxed Income (GILTI):** Ensure compliance with GILTI provisions to avoid unexpected tax liabilities.
- **Foreign-Derived Intangible Income (FDII):** Evaluate opportunities to benefit from the FDII deduction for income derived from foreign markets.

9. Prepare for Potential Tax Law Changes

With the expiration of certain TCJA provisions approaching in 2025, anticipate and plan for potential tax law changes that could impact your business.

10. Consult with Tax Professionals

Given the complexity of tax regulations and the potential for changes, it's essential to work closely with tax professionals to develop and implement effective tax strategies tailored to your business's unique circumstances.

Please contact our office to schedule a year-end tax planning consultation. We are committed to assisting you in navigating the tax landscape and positioning your business for continued success.

Wishing you a prosperous and financially sound year ahead.

Sincerely,

Marc M. Asheghian Company, Inc.
Certified Public Accountants