



Year-End Tax Tips

If you're dreading tax season, take heart. There are still a few weeks left to make decisions that could lighten your tax load for 2008. Small-business accountant Teresa Hinton reveals a few key provisions:

■ **EQUIPMENT DEDUCTION:** If you've been considering a major equipment purchase for your business, this is the year to do it. The first-year write-off ceiling for equipment expenses doubles for '08 to \$250,000. To qualify, the equipment must be new and the deduction can't make your business show a loss.

■ **BONUS DEPRECIATION:** If you have additional new-equipment expenses beyond \$250,000, for this year only, you can deduct 50 percent of the remaining expenses in the first year.

■ **ESTATE TAX:** The estate-tax exclusion is only \$2 million this year, but in '09 it rises to \$3.5 million. Then, in 2010, the estate-tax rate will be zero. The best option: If you have substantial assets, continue gifting heirs with up to \$12,000 apiece annually, tax-free, to reduce the size of your estate.

■ **ALTERNATIVE MINIMUM TAX:** This steep tax, originally aimed at the very wealthy, is increasingly ensnaring upper-middle-income families. Congress is expected to pass a last-minute renewal of last year's AMT fix, which excluded \$87,500 in adjusted gross income for a married couple filing jointly. If not, watch out—that figure will plummet to \$45,000. People with incomes exceeding \$100,000 with substantial personal deductions, such as child care, are at particular risk of getting caught in the AMT trap.

Be sure to ask your tax advisor how these issues may apply to your situation. With a bit of careful planning, you'll keep more of your business income in your pocket this year and send less of it to the IRS. —CAROL TICE