



2009 Yearend Business Planning

We have compiled a brief list of actions that may help save you tax dollars before year-end.

- **Shifting of income and deductions.** Businesses, like individuals, must decide when and how to shift income and deductions between 2009 and 2010. As a general rule, businesses benefit from the deferral of income and the acceleration of deductions in much the same way as individuals.
- **Losses from partnerships or S corporations.** If your business is a partnership or an S corporation, you may need to invest additional funds in the business to qualify to deduct any loss it generates on your personal tax return. Generally, deductions for business losses are limited to the total amount you have invested in the business over the years. If you have a business loss, we can assist you with some tax planning ideas for maximizing your 2009 deductible loss.
- **Equipment purchases.** Businesses should consider making capital expenditures this year for certain new assets that qualify for up to \$250,000 in deductions (under Section 179). In 2010, this amount decreases to \$134,000. Certain limitations apply, so contact us to make sure that your purchases will qualify.

Businesses should also consider purchasing and placing in service certain assets that qualify for 50% bonus depreciation. The original use of the property must begin with the taxpayer, so used equipment purchases do not qualify. Grapevines are one of the assets that qualify for the 50% bonus depreciation.

Unlike Section 179, which cannot reduce taxable income below zero, this bonus depreciation can be used to create a loss.

- **Net operating loss carry back.** Recent legislation has expanded business loss carry back provisions for losses incurred in 2008 and 2009. Under these rules, C Corporations are generally permitted to carry back these losses up to five years.
- **Bad debts.** If you accept payments on account from your customers, be sure to review your accounts receivable list for any uncollectible items that should be written off during 2009.

- **Retirement plan.** Make contributions to your retirement plan or set one up before year-end to reduce income this year.
- **Energy incentives.** Consider taking advantage of provisions designed to encourage energy saving investments:
 - 30% investment tax credit available on tangible personal property used to produce renewable electricity
 - 30% business energy credit for qualified small wind energy property placed in service after 12/31/08
 - Credit of up to \$2,500 for purchase of electric drive low-speed vehicles, motorcycles, and three-wheeled vehicles prior to 2012
 - Credit of up to \$4,000 of the cost of converting any motor vehicle into a qualified plug-in electric drive motor vehicle prior to 2012
 - Credit of up to \$2,500 related to purchase of new qualified plug-in electric vehicles purchased after 12/31/2009
 - Maximum credit for qualified hydrogen refueling property has been increased to \$200,000 through 1/1/2011
- **Estate and gift planning.** Take advantage of the current low point in values of real estate, business interests, etc. to revisit gift and estate tax planning. Gifts of items with currently “depressed” values will reduce the amount of tax due.