

# Duvall & Associates, Inc.

## Taking Care of Business

### CONTROLLING YOUR TAX DESTINY

"A change would do you good." Cheryl Crow

Timing and rates - the pillars of tax planning. Effective strategists labor to move income and deductions between parties and time zones to generate beneficial tax results.

Begin with a review of prior year returns and identify pesky areas where regulatory limitations reduced tax-saving opportunities, then counter-attack with innovative new strategies as exemplified below.

SITUATION A - Assume you are a top bracket taxpayer with \$100,000 invested funds and a like 5% mortgage. The mortgage interest generates no Ohio tax savings.

CHANGE - Contemplate using the \$100,000 invested funds to pay off the mortgage. Taking Ohio tax savings into effect, you would be earning a "guaranteed" rate of 5.4% on the monies. Brokers may claim you could earn more on your investments, but ask them for "guaranteed" returns on available investment vehicles and witness their hedging.

SITUATION B - Again pretend you are a top-bracket person, have temporarily fallen into the dreaded Alternative Minimum Tax hell-hole and can't get out. Deductions are largely vaporized in this twilight zone of tax worlds where income is flat-taxed at a 26/28% rate.

CHANGE - Counter-intuitively examine your ability to accelerate income into the Alt Min year. If such income earned in another (regular) tax year would be taxed at 35%, you could be one of the lucky ones who actually benefit from the lower-rate Alt Min beast.

SITUATION C - Your adult child is experiencing difficulties paying her home mortgage. If you directly pay the loan payments, you cannot deduct the interest since the liability so paid is your child's and not your own.

CHANGE - It may be best to either gift or loan monies to your child so she can pay her own mortgage, thus preserving her ability to deduct interest payments and saving overall family tax dollars.

"Dreaming of the things we could do...can take the pain away."  
Whitesnake

Alan Duvall is a certified public accountant in Dayton. Contact him at [Alan@Duvallcpa.com](mailto:Alan@Duvallcpa.com).