

In Florida, Tax Planning is a Year Long Discipline

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Around this time of year, many bloggers, tax professionals, and media outlets circulate tax planning tips. But good tax planning is a discipline that takes place all year long – not just on April 14th. Florida residents and other taxpayers around the country can and should start planning now for their 2010 tax filings.

A tax planning strategy starts with the basics. Your net taxable income is your gross income (or top-line pay) less any deductible expenses. Tax planning are activities designed to minimize a person's net taxable income. That means using legal and ethical means of lowering your gross income while maximizing your deductions.

Lowering Gross Income

Lowering your gross income doesn't refer to quitting your job, it simply requires excluding certain income from your federal income tax. Some effective ways to accomplish this include:

- Direct more income into a 401k or 401b. Your contributions are subtracted from your gross income, and you are saving for retirement at the same time. It is a real win / win situation.
- Defer some income. Some examples include not sending invoices for work completed until January 1st of the next year, or deferring capital gains on the sale of a certain stock.

Maximizing Deductions

This can include taking deductions or taking advantage of tax credits. Some tips for taking these deductions include:

- Check into whether you qualify for certain tax credits. These include the child tax credit, hope and lifetime learning credit, child and dependent care credit, hybrid car credit, energy saving devices credit, and the making work pay credit
- Maximize the amount of deduction you can take by contributing to IRA accounts, deducting qualified medical expenses, taking allowed homeowner deductions, and certain business and personal expenses.

Read more tips and strategies for lowering your tax bill at [Tax Planning Tips](#).

Tax law can be complicated, and changes from year to year. Be sure to consult a tax professional when creating a tax plan or preparing your return. If you live in the Jacksonville, Florida area and require assistance with tax planning, please [contact Wood, Atter & Wolf](#) for tax planning legal counsel.

