With the hectic pace of the last 45 to 60 days of the year, don’t wait until then to start thinking about steps to take before Dec. 31 to lessen your 2015 tax burden.

“We do find a lot of clients scramble at the end of the year to minimize their tax liability,” said Erin Beatty, CPA, CHBC, with CPAmerica member firm Cowan, Gunteski & Co. “Clients always should touch base with their accountants because there are changes to tax provisions that could affect them.”

She noted, for example, that some provisions that have expired or are set to expire are often extended by Congress toward the end of the year.

One provision that could change is Section 179, which allows businesses to deduct in a single year the cost of qualifying equipment purchased up to a certain dollar amount. The $500,000 maximum allowed in 2014 expired last Dec. 31. This year the maximum deduction is $25,000 unless Congress acts to extend the higher amount.

Rep. Paul Ryan, R-Wis., chairman of the House Ways and Means Committee, has indicated plans to push for an extension of expiring provisions early this fall and make some of them permanent. Therefore, practices contemplating a large purchase should seek advice from an accountant before making any decisions.

“We do not recommend buying just for the sake of getting a tax break,” Beatty said.

Other tax-saving steps to consider include:

- **Take a capital loss to offset capital gains.** This enables investors to cash in on winning investments while cutting their losses on investments that are not performing well. Be aware, however, that short- and long-term capital gains are taxed at different rates, so Beatty suggests physicians speak with their financial adviser before taking big investment gains.

- **Make a charitable contribution.** Many people use the end of the year to make charitable contributions, which can be deducted on Schedule A of their personal income tax form. However, high-earning physicians can bump up against the so-called Pease limitation, which reduces all itemized deductions by 3 percent of excess income over an adjusted gross income (AGI) threshold.

  For 2015 the AGI threshold is $258,250 for single filers and $309,900 for married filing jointly. In this case, if a physician’s deductions will be limited, it may be wise to hold off on large charitable contributions that would not be deductible. Other deductions affected by Pease include home mortgages and state and local income taxes.
• **Maximize 401(k) and IRA contributions.** Maxing out a tax-deferred retirement plan is a great way to save for retirement while reducing your taxable income. For this year, you can contribute up to $18,000 to a 401(k) and an additional $6,000 if you are age 50 or older by Dec. 31. IRA contributions are limited to $5,500 – or $6,500 for people 50 and older.

However, there are income limitations on the deductibility of IRA contributions. Additionally, the contributions are not deductible if you or your spouse is covered by a workplace retirement plan, depending on your adjusted gross income.

• **Set up a defined benefit plan.** Physicians who own their practices and do not have a defined benefit plan may want to consult with their tax adviser about setting up one before the end of the year. Defined benefit plans can be adopted even if a practice has a 401(k) or profit-sharing plan. They provide a fixed, pre-established benefit for employees at retirement and allow for larger contributions than defined contribution plans like 401(k)s.

However, defined benefit plans are often more complex and, thus, more costly to establish and maintain than other types of plans. “It has been very beneficial for some of our clients,” Beatty said. “But it is not the right fit for everybody.” These plans may be advantageous to older physicians who want to sock away retirement money and slash their tax bills.

• **Apply the de minimis safe harbor election.** The IRS requires businesses to capitalize the costs of acquiring, producing and improving tangible property, regardless of the size or the cost incurred. The de minimis safe harbor provision simplifies the decision as to whether expenditures related to tangible property are currently deductible business expenses or nondeductible capital expenditures. By use of the safe harbor, a practice can deduct amounts up to $500 per item or invoice rather than requiring these small amounts to be capitalized.

Many physicians are subject to the alternative minimum tax (AMT). Your tax adviser can help to determine whether you will be hit by the AMT, which disallows many deductions.

“While it is hard to avoid it,” Beatty notes, “there are recommendations we make for those individuals.”

Some strategies include not prepaying certain expenses like real estate taxes or the estimated fourth quarter state income tax that is not due until Jan. 15.

Your tax adviser can discuss these and other steps and strategies to take now so that you may pay less come April 2016.