

# Business

SUNDAY, JULY 15, 2001

FOCUS ON  
PEOPLE AND CAREERS  
PAGE 2-C

## Tuneup on taxes advised

*Accountants telling  
taxpayers to prepare*

**By Rick Robinson**  
*Business Writer*

Mid-summer can be a good time for a mid-course correction on your 2002 tax situation. In some ways, it's not too late to soften the blow that's coming next April.

One thing to remember is that tax rates are going down in 2002, said Kevin Murphy, a tax accounting professor at Oklahoma State University in Stillwater. That means taxpayers can save on taxes by giving more this year and deferring income to next year.

"Accelerate deductions such as charitable contributions — take them now when the rates are higher," Murphy said.

He added that some people elect to pay their property taxes in two installments rather than paying the whole bill in December. However, he said, if the whole tab is paid in December, a deduction can be taken for 2001, a higher tax-rate year.

And if possible, Murphy said, differ any end-of-year bonus or other compensation to January.

Joshua Jenson, an Oklahoma City accountant and tax specialist, said it's smart to tune up payroll-withholding amounts at mid-summer.

"This is a great time of the year to do that," he said, "because for most people the last six months will be about the same as the first six months."

If taxpayers find themselves writing the government a big check year after year, they should change their payroll withholding, Jenson said.

On the other hand, "if you have a huge refund coming every year, you need to reduce your withholding so you're not loaning money to the government," Jenson said.

Taxpayers can find their bearings by doing a 2001 tax estimate, he said.

One way to accomplish that is to see a tax professional. Or, for do-it-yourselfers, take last year's tax return and use that format to rough out 2001 tax forms. Applicable tax tables are available on the IRS web site — [www.irs.gov](http://www.irs.gov).

"With my clients, we don't want to owe or get back more than \$500 to \$1,000," Jenson said.

For one thing, owing more than that can set up taxpayers for penalties and interest.

Moreover, some people in higher income brackets might want to look at Social Security withholding, Jenson advised.

An employer stops withholding for Social Security once a

wage-earner reaches \$80,400 for the calendar year. Rather than letting that 6.2 percent tax move to their bottom line, wage-earners could elect to roll that money into their retirement plan.

At the same time, Jenson said, even if people who don't make more than \$80,000 a year, mid-year is a good time to take a look at how much they're salting away into that 401(k).

One more thing: With garage doors up for summer, now could be a good time to think about what to give to charity.

"You may have tax deductions hidden in your garage or closet," Jenson says.

Don't forget you can take deductions equal to an item's fair market value. So if that old TV set you're not using is selling in used-electronics store for \$150, that's the amount you can apply to your taxes.

Frank Messina, an accounting professor at the University of Alabama at Birmingham, added a final thought about April 15, 2002.

"Filing status is determined Dec. 31," he explained. "So if you are getting married — or divorced — consider now what that will do to your filing status and income."