

# FRANKLIN & FRANKLIN, PA

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## **Strategy for increasing average Itemized Deduction with new \$24k Standard Deduction: “DOUBLE-UP” every other year.**

	<b>Pre-Reform 2018 Tax Rules</b>	<b>Post-Reform 2018 Tax Rules</b>
<b>Individual standard deduction</b>	<ul style="list-style-type: none"> <li>Standard deduction is \$13,000 (married) and \$6,500 (single)</li> </ul>	<ul style="list-style-type: none"> <li>Standard deduction nearly doubled to \$24,000 (married) and \$12,000 (single)</li> </ul>

**Strategy:** For borderline itemizers, consider “**doubling-up**” charitable contributions and real estate tax payments **every-other year** (paying “Year A” charitable contributions & property taxes in December and “Year B” charitable contributions & property taxes in January), due to increased standard deduction.

### **Example:**

	Average Year		(2019)	(2020)	(2021)	(2022)
	Itemized Deduction	V/S	Year A	Year B	Year A	Year B
State Income Tax	5,000		5,000	5,000	5,000	5,000
Property taxes	4,000		5,000*	0	5,000*	0
Mortgage Interest	9,000		9,000	9,000	9,000	9,000
Contributions	10,000		20,000**	0	20,000**	0
Higher of Itemized or Standard Deduction	<b>28,000</b>		<b>39,000</b>	14,000	<b>39,000</b>	14,000
	24,000		24,000	<b>24,000</b>	24,000	<b>24,000</b>

**Average: \$28,000 V/S 32,000 = \$4,000 Increased Average Deduction**

**\$4,000 x .22 = \$880 Increased Annual Tax Savings**

\* = Total deduction for combination of State Income Tax and Property Taxes cannot exceed \$10,000 per year

\*\* = Can be accomplished by donating “appreciated stock”, if applicable, for added benefit of avoiding capital gains tax