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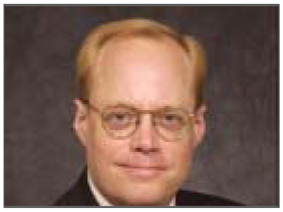

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4 Smart But Simple Year-End Tax Moves

Every year-end there is a lot of advice about tax moves you should or shouldn't make. With the fiscal cliff looming, this is a banner year for to-do's but that doesn't mean you have to be paralyzed.

Take all free tax advice–including the ideas here–with a grain of salt. Consider your circumstances more than platitudes. Don't try to take on too much. Focus on what's most important to you and what will have the biggest bottom line effect. If you need ideas, here are four:

1. Pay Your State Taxes. One prime deduction is state income taxes. Figure out approximately how much in state taxes you will owe in April 2013 for the 2012 tax year. If you pay them in December 2012 you can deduct them on your 2012 federal tax return. If you wait until April, you can't deduct them until you file your 2013 federal return in 2014. Nevertheless, this is a tougher analysis this year than most. See Should You Prepay Your State And Local Taxes By Dec. 31, 2012?

Tallying how much you pay in state taxes can be depressing. If you think you can save a bundle, consider moving to a low tax or no-tax state. See

Fiscal Cliff May Prompt You To Move States. Of course, consider that state income taxes are deductible against federal income tax. That means state tax savings can cost you more federal taxes. Plus, you must actually move. See Moving To Beat High State Taxes? Watch Out.

2. Sell Assets. There's a huge focus this year on grabbing the expiring 15% capital gain rate. It's still not clear what Congress will decide for 2013 but it's likely the best capital gain rate for most people will be 23.8%. That's a 20% capital gain rate plus the 3.8% Obamacare add-on. See Given Tax Rates, To Sell Or To Hold, That Is The Question.

3. Get Paid This Year. Unless you're self-employed, you may not be in control of your own income. If you get a paycheck, the "pay me next year" strategy isn't a great one. Still, you may have ***some*** degree of control. Subject to constructive receipt rules, most people say grabbing income in 2012 is preferable. See How (Not) To Manipulate Your 2012 v. 2013 Pay.

4. Do the Math. Tax return time in April or October can be frightening if you haven't planned ahead. Before year end, tally your income and deductions and see how it looks. Often that act alone will inform many of the other points here.

Try to claim deductions when you get the best benefit. Usually that's earlier, but not always. In some cases deductions create problems. It is almost impossible to handicap your exposure to AMT. Experiment with tax return preparation software or turn to a good accountant who can run numbers for you.

This year-end in particular be careful out there.

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