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According to a roundup by the Committee for a Responsible Federal Budget, analyses from the Tax Policy Center, Penn-Wharton Budget Model, and Tax Foundation all determine that the TCJA would add more than $1 trillion to the deficit — even when increased revenue from economic growth is added.

Tax Tips In The Face Of The GOP Reforms

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Congress is poking the sleeping giant also known as the U.S. Tax Code with a sharp stick and the result is a conglomeration of reforms and wish-list items that could have a huge impact on taxpayers and the economy. Taxpayers who pay close attention could save some money.

The House and Senate versions of the tax bill that have many things in common, some completely different and a few that are close. Depending on your political persuasion, the bill that ultimately will emerge from further negotiations will either be the greatest thing since sliced bread or the end of humanity.

What we do know is that next year there will likely be changes, and taxpayers, both personal and business, must be aware of the potential effect on finances.

There are many things we can and should do before the end of the year, to put us in a better financial position for the coming tax code changes.

For instance, if real estate or state and local tax deductions (also known as SALT) are reduced or eliminated, there is a good chance many people will see federal tax increases. If so, there are options, including advance paying of SALT taxes to take advantage of the deduction in 2017, rather than potentially losing them in 2018. For those who pay the alternative minimum tax, some software modeling will help optimize your position. Typically, all it takes is pulling out the checkbook and paying these bills before year-end. Banks often accommodate requests to accelerate real estate tax payments out of escrow accounts upon request. Best to call early to avoid the Dec. 31 rush.

If Congress decides to increase the standard deduction to $24,000 for married couples filing during 2018, and you anticipate that next year's itemized deductions will be below the $24,000 threshold, it would make sense to consider making your 2018 charitable donations before Dec. 31 as well.

Another favorite deduction for many homeowners is the interest we pay on home equity loans, which has been bandied about as a candidate for elimination. Thankfully, we don't need to pay off these loans before year-end; however, many will benefit by repaying these loans sooner rather than later, since the home equity interest deduction may be eliminated.

These adjustments are similar to a common practice of "harvesting" stock losses by selling at least some of these equities to help offset realized 2017 stock gains — and the resultant capital gains tax. For stocks that have seen significant growth, taxpayers could donate some of those shares to charity, thereby eliminating the capital gains tax and yielding the needed charitable deduction.

Another favorite deductible that may be on the chopping block is medical expenses. If medical deductions are to be reduced or eliminated, it may be advisable to pay outstanding medical related bills and to have any uninsured procedures done before year's end. This can also apply to dental work that falls outside your dental plan. And buy the extra pair of eyeglasses now — just in case that expense isn't deductible next year.

However, not everything should be advanced to 2017.

Businesses, for example, may well see a drop in the corporate tax rate in 2018. So, if there are irons in the fire that could produce significant income, it may be wise to complete such deals in 2018. Delay the income until next year but advance the expenses.

Businesses that operate on a cash basis should consider pre-paying business expenses to drive down 2017 income while still subject to the higher rates. Upcoming first-quarter 2018 bills may provide some pre-payment candidates, same for anticipated spending on new equipment or even advertising.

On the downside, there may no longer be a deduction for business entertainment in 2018. It could be a worthwhile strategy to entertain your valued clients, customers, vendors and employees before the stroke of midnight on Dec. 31.

It is worth noting that these are all optional strategies based on information currently available. Considering we are dealing with Congress, much could change in coming days, so we should remain vigilant and keep apprised of all possible avenues until a final bill is passed and signed.

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