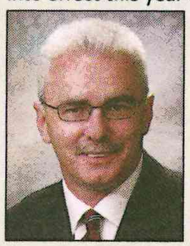
How to handle your capital gains (or losses)

How you act can make all the difference come tax time

Due dates

Most importantly, and most obviously, tax planning starts with knowing the deadlines.

Tim Brennan, a tax manager at **Bederson LLP**, said there are a few differences coming into effect this year that people should be apprised of.



Tim Brennan

"Pretty much all the due dates for business tax returns have changed," he said. "You have to be aware of these changes based on your arrangement."

Last year, the filing date for partnerships and limited liability corporations was changed from April 15 to March 15. Meanwhile, C-corporations' tax returns were pushed back from March 15, and are now April 15.

Annual foreign bank account reporting was required to be completed on June 30. Now, the due date for it is the same for filing individual income tax returns — April 15. Those reports have the potential for a 6-month extension now, too.

BY BRETT JOHNSON

When it comes to paying taxes, there are a few givens — one being that there's only so much you can control.

"Your wages are your wages — and you can't ask your company to hold back on your income," said tax specialist **Neil Becourtney**. "But you're not totally powerless.

"What you can control in taxes is the stock you own in a publicly traded company and the capital gains or losses on those."

Becourtney, a partner at Eatontown-based **CohnReznick LLP**, said it just happens to be tricky to do so in the Garden State, which does not have carryover provisions that take deductions from capital losses into next year's tax return.

"For federal purposes, after you net and offset all your capital gains and losses, you can deduct $3,000, and any excess is carried forward into the following year — that carryforward continues until a taxpayer dies," he said. "But in New Jersey, it's use it or lose it."

Partner Neil Becourtney, of Eatontown-based CohnReznick LLP. -AARON HOUSTON

It's not a policy Becourtney thinks will change anytime soon.

Nonetheless, taxpayers can be strategic.

"With gains in your portfolio, if you've got some stocks in your portfolio that you don't think will be able to recover, it may be an ideal time to sell them and have those losses offset the gains in your taxes," Becourtney said.

Capital gains explained

Individuals and corporations pay U.S. federal income tax on the net total of all their capital gains, or the profit that results from a sale of a capital asset.

According to a tax rate overview from **PricewaterhouseCoopers**, the country's capital gains rate is unchanged from last year, at a top rate of 20 percent.

That rate applies only if a taxpayer's income tax rate falls in the highest tax bracket, while all other taxpayers continue to be subject to a maximum 15 percent long-term capital gains rate. The capital gains rate is 0 percent for taxpayers who are subject to income tax rates of 15 percent or less.

A taxpayer can choose to do that and then buy the stock back after a certain period of time, or to just donate the stock to charity, to avoid a tax hit, Becourtney said.

"People need to just stay cognizant as ever of the carryover rules, because if you had something like $50,000 in losses in New Jersey, you might only be able to claim a small fraction of that," Becourtney said.

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