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With tax overhaul set to pass, here are five moves to consider before year's end

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Add another item to your holiday shopping list: last-minute tax planning.

Congress was poised this week to pass the most sweeping overhaul of the federal tax code in three decades. The Republican legislation, which President Trump has promised to sign before Christmas, delivers most of its benefits to corporations and the wealthy, but there are key changes that affect individuals.

Unlike the corporate tax cuts, the revisions to the individual code are temporary and expire in 2026. Most of them kick in on Jan. 1, and there are steps you could take in the coming days to maximize new advantages and minimize the potential hit from other changes.

“Tax advisors are going to be busy the next couple of weeks,” said Greg McBride, chief financial analyst for financial information website Bankrate.com.

Here are five things to talk to your advisor about doing before New Year’s Day.

Pay your property taxes early

The legislation sets limits on the amount of state and local taxes that people can deduct. Beginning in 2018, couples filing jointly will be limited to an annual deduction of no more than $10,000 worth of state and local income, sales and property taxes.

Right now, there is no limit on the deduction and the change will be a hard hit to many residents of California and other high-tax states.

Property tax bills generally go out in the fall, with half the taxes due by early December and the other half due by April. If your state and local taxes will be greater than $10,000, you could pay the second installment bill before the end of this year and should still be able to deduct it on your 2017 taxes when you file in the spring, if you itemize.

The legislation doesn't specifically rule out such a move. But it does prohibit people from pre-paying 2018 state or local income taxes this year and claiming them as an itemized deduction for 2017.

"The bill is pretty clear that you will not be able to prepay, even if you could, your income taxes," said Darien Shanske, a tax law expert at the UC Davis School of Law. "But it's silent about property taxes."

Pre-paying property taxes might not be possible if your mortgage servicer pays them for you from an escrow account. People should contact their servicer.

Make an extra mortgage payment

The tax overhaul will nearly double the standard deductions for taxpayers who don't itemize, from $6,350 to $12,000 for individuals, and from $12,700 to $24,000 for couples.

The change is expected to dramatically reduce the number of filers who itemize because fewer people will have total deductions above the new levels.

Given that, taxpayers who anticipate itemizing on their 2017 returns might want to consider making their January mortgage payment before the end of the year.

Doing so would allow you to deduct an extra month of mortgage interest that you might not be able to deduct on your 2018 return if you don't end up itemizing because of the higher standard deduction, McBride said.

The tax bill also limits the deduction to interest on as much as $750,000 in mortgage debt, down from the current $1-million limit. People who already own homes still get the higher limit.

But lawmakers added a provision to prevent people from a last-minute scramble to buy homes before the limit goes into effect next year.

Unlike most of the bill's changes, which take effect on Jan. 1, a taxpayer must have entered into a binding written contract before last Friday to be eligible for the $1-million limit.

Give more to charity

Charitable contributions are one of the most popular deductions. But the number of people who itemize is expected to fall sharply. If you think you'll stop itemizing, you might want to consider making your 2018 contributions by Dec. 31 so you would be able to deduct what you give to charity.

“This might be the year, if they can no longer itemize their charitable donations, to clean out the closet and donate to Goodwill or the Salvation Army or make that extra contribution to your church,” said Kathy Pickering, executive director of the Tax Institute at H&R Block, which provides research and analysis to the company’s tax preparers.

As with an extra mortgage payment, the move makes tax sense only for people who believe they will have enough deductions to itemize on their 2017 return but not when they file 2018 taxes, said Robert Spielman, a partner at Marcum, an independent public accounting and advisory services firm.

The key is estimating your chances of having deductions in 2018 that exceed the new standard deduction level.

“If you’re not going to exceed that, maybe you arrange with your parish and prepay your 2018 pledge in 2017,” Spielman said.

Defer or accelerate income

Individual marginal tax rates are shifting lower, so you’ll generally pay less taxes on the same amount of earnings in 2018 compared with 2017.

People who are self-employed, such as contract workers or freelancers, should consider holding off on sending invoices so the payments come in 2018.

“For most people, their federal tax bracket is going to be lower under the tax bill, so it would make sense to defer,” McBride said.

Depending on the size of your family, however, you might not want to make that move. Instead, it might make sense to accelerate any possible income into this year when you might owe less taxes.

The tax bill eliminates the existing $4,050 exemption that can be claimed by taxpayers for themselves, their spouses and their dependents and also reduces taxable income. Those exemptions currently phase out at upper-income levels.

Some of that change is offset by the legislation’s doubling of the child tax credit to $2,000 and making it applicable to higher-income households, as well as adding a $500 family tax credit for dependents other than children.

It all means that some people might have more offsetting family-related deductions this year.

“If you have a big family, three or more kids, it might make sense to accelerate the income into this year before the tax bill takes effect next year,” McBride said.

Take advantage of expiring deductions

Under current law, employees are allowed to deduct unreimbursed business expenses if they total more than 2% of their adjusted gross income.

They include a home office, depreciation on a personal computer required for the job, dues to professional societies and subscriptions to journals and trade magazines.

All of those deductions would disappear through 2025 under the Republican tax bill, so you probably want to move as many of those expenses as you can to this year, such as by re-upping professional journal subscriptions.

A key to tax planning is figuring out which deductions to take in one year and which to postpone until the next, Spielman said.

“This year’s a little different because we have a lot of deductions going away,” he said.