

## **Business and Personal Finance © 2012**

### **Chapter 21: Planning Your Tax Strategy**

#### **Check Your Answers: Section Assessment**

#### **Section 3**

##### **Review Key Concepts**

1. You have the right to ask for time to prepare and to ask for clarification of items in question. You also have the right to have your tax preparer, accountant, or lawyer present during the audit.
2. Consider strategies related to purchases, investments, and retirement.
3. The government allows you to defer paying taxes on retirement accounts until the money is withdrawn.

##### **Higher Order Thinking**

4. Lists will vary but may include computers, office furniture, and travel expenses.

##### **English Language Arts**

**5. Retirement Plans** Advantages may include that contributions to the account are automatically deducted from your paycheck so you do not have to remember to deposit money to the account; you retain control of the investment choices for your money; many companies will match part or all of your contributions; and taxes are deferred until you withdraw the money.

##### **Mathematics**

**6. Purchasing Strategies** Amount of job-related expenses to exceed =  $\$41,000 \times 2\% = \$820$ ;

Total job-related expenses =  $\$450 + \$350 + \$400 + \$500 = \$1,700$ ; Allowable job-related expense deductions =  $\$1,700 - \$820 = \$880$ ; Home equity interest paid =  $\$12,350$ ; Total allowable deductions =  $\$12,350 + \$880 = \$13,230$ .