

We've separated this report into six main sections:



1. Your Demographics: This section is all about you and your specific tax situation. In this section we highlight the starting point for tax planning, specific to you.



2. Strategy Details: All the ins and outs of how to implement specific strategies. Deadlines to remember, risk assessment, difficulty rating, and overall benefit analysis.



3. Deadline Calendar: At a glance deadlines to remember throughout the year.

Get to Know the Grading Systems

You'll see these noted on all of the strategy details. Here's how we rate them.



Strategy Overall Benefit:

This rating is determined by how large the savings are to the overall tax due amount. The larger the benefit, the greater impact it will have on dropping your tax liability.

Difficulty Rating:

This rates how difficult it is to implement based on time to setup, monitoring, and possible expense. It is highly recommended that your accountant and/or financial planners be involved in some of the more difficult strategies.

Audit Risk:

This survey's the likelihood of an audit resulting from incorporating certain strategies. These ratings highlight the IRS's potential red flags.

Aggressiveness Rating:

Aggressive tax planning is actively pushing the limits. Normal tax planning means using established procedures to reduce the tax burden. When it becomes aggressive, every possible loophole or clause that can be interpreted to be used in a way to save on tax is employed.

Your Demographics

Tax Strategy Report



Personal Data

Name: Client Sample
Number of Dependents: 3
State of Residency: CO
Filing Status: Married Joint
Tax Bracket: 22%



Business Data

Business Name: Sample Company
Business Entity Type: S-Corporation
Ownership Share: 100%
Business Start Date: 01/02/2024



Federal Tax Due: \$12,713
Payments & Credits: \$15,000

State Due: \$4,461.6
Payments & Credits: \$10,000

Remaining Amount Refund: \$2,287

Remaining Amount Refund: \$5,538.4

Did you know?

- The next lower tax bracket income level is \$89,450. You need to lower your taxable income by \$11,950 to reach this bracket. Keep reading this report to see all of our strategies that will help you get there.
- If you filed Married Filing Separate your Federal tax due would be \$5,328.05 higher. It's best if you file Married Filing Joint given the data in this report.
- You would save extra \$400.44, if you turned all of your companies into S-Corporations.



Strategy Details

Tax Strategy Report





Section 179 Expense

What it is:

Section 179 Expense is a very lucrative way to write off business assets that are purchased in the current year. Several rules apply to what assets you can use with Sec. 179, but some of the more common items are:



Large office machines



Tools and Equipment



Single purpose livestock structures



Computer software



... and much more

Generally, as long as the asset is not a large building that can be used as a home or land, you should check and see if it is acceptable Sec. 179 property. Remember that the Section 179 maximum can change quite often depending on what Congress passes during the year. Always check to see the latest data and commentary on developments from Congress.

Ratings

Strategy Overall Benefit



Small Benefit

Large Benefit

Difficulty Rating



Easy Setup

Difficult Setup

Audit Risk



Audit Unlikely

Audit Possible

Aggressiveness Rating



Low

High

When dealing with Sec. 179 you will note that the deduction is limited to the business income. This means the deduction cannot create a loss on the business tax return. Any amount that is not deducted during the current year can be carried forward to the next tax year. Certain restrictions apply.

If you plan to purchase any equipment, supplies, large tools, etc. but were thinking of purchasing them next year, the Sec. 179 expense should encourage you to make the purchase this year. Even if you finance the cost, you can take the deduction now.

Strategy Tax Saving Options

	Option A	Option B	Option C
	Additional Sec 179 Expense \$1,000	Additional Sec 179 Expense \$15,000	Additional Sec 179 Expense \$50,000
	Saves you \$220	Saves you \$3,300	Saves you \$11,000

[Current Max Sec. 179 deduction is \$1,080,000]

Must be implemented before Dec. 31st of the tax year



Expense Acceleration

What it is:

Increasing your business expenses by purchasing goods or prepaying normal operating costs can be a huge tax help. These can be simple expenses like paper or office supplies to more complex items like cars, trucks and buildings. While it may seem obvious, most business owners are so busy at the end of the year they forget to think about what items they could buy now.

Keep in mind, any increase in spending must be made before December 31 or the end of your fiscal year. Some common expenses business owners accelerate are:



Automobile payments



Office supplies



Payments to vendors



Software renewals



Commissions



Benefit Payments



Advertising Costs

Ratings

Strategy Overall Benefit



Difficulty Rating



Audit Risk



Aggressiveness Rating



Increasing expenses must be used cautiously. Never spend money JUST to get a tax deduction, you should only spend money when doing so will later make you money, or buy an item you need to make money.

Also, keep in mind not everything can be expensed all at once. Check with our office to find out what can be deducted if you are not sure.

Strategy Tax Saving Options

	Option A	Option B	Option C
Increase Expenses By	\$1,000	\$15,000	\$50,000
And save	\$220	\$3,300	\$11,000

Must be implemented before Dec. 31st of the tax year

Missing Deductions

What it is:

Below you will see a set of deduction expenses broken down by your current projection amount as well as recommended levels. Increasing these deductions will offset tax liability amounts.

<p>Annual Meeting Expense</p> <p>Current Projected Expense \$0</p> <p>Recommended \$889.82</p>	<p>Meals</p> <p>Current Projected Expense \$0</p> <p>Recommended \$3,323.42</p>	<p>Travel</p> <p>Current Projected Expense \$0</p> <p>Recommended \$2,197.74</p>
<p>Telephone</p> <p>Current Projected Expense \$0</p> <p>Recommended \$1,436.57</p>	<p>Internet</p> <p>Current Projected Expense \$0</p> <p>Recommended \$643.24</p>	<p>Auto</p> <p>Current Projected Expense \$0</p> <p>Recommended \$4,416.93</p>
<p>Office</p> <p>Current Projected Expense \$0</p> <p>Recommended \$2,026.21</p>	<p>Legal</p> <p>Current Projected Expense \$0</p> <p>Recommended \$428.83</p>	<p>Mortgage</p> <p>Current Projected Expense \$12,000</p> <p>Recommended \$10,599.11</p>
<p>Health Savings Account</p> <p>Current Projected Expense \$0</p> <p>Recommended \$1,394.28</p>	<p>Cash Charity Donations</p> <p>Current Projected Expense \$10,000</p> <p>Recommended \$7,991.29</p>	<p>Non-Cash Donations</p> <p>Current Projected Expense \$0</p> <p>Recommended \$619.68</p>

If all above recommended increases are met, your total tax savings comes to:

\$3,036



Income Deferment

What it is:

Reducing your income by asking the customer to wait on paying you until next year. The income then becomes taxable in the next year rather than this year. You may also want to consider not billing your customer until after the first of the year. That way you can ensure you have deferred the income into the next tax year.

This strategy is completely controllable by the business owner but the key is knowing how much to defer.

Here are some tips for Deferring Income:



Always keep track of who owes you money



Don't over-extend yourself, saving on taxes is not worth going broke



Discuss with customers that might have questions



Remember that the income will show next year



Generally only do this with "Good Payers", not customers who pay slow or late

Ratings

Strategy Overall Benefit



Difficulty Rating



Audit Risk



Aggressiveness Rating



Always keep in mind that Income Deferment is not like spending money. When you spend money the money is gone, but with income deferment, the money is still coming and you can keep it. This is a timing change only.

Many of your customers will like this too, they may not need the expenses on their return as much and most people like keeping their money as long as possible. Just make sure they pay on Jan 2nd or soon after.

Strategy Tax Saving Options

	Option A	Option B	Option C
Defer Income of	\$500	\$10,000	\$30,000
And save	\$110	\$2,200	\$6,600

Must be implemented before Dec. 31st of the tax year



SEP IRA

What it is:

A SEP plan allows employers to contribute to traditional IRAs (SEP-IRAs) set up for employees as well as their own retirement savings. A business of any size, even self employed can establish a SEP. The tax benefits of the SEP IRA provide the opportunity to contribute up to a total of \$66,000 in 2024 for yourself and each employee. SEP IRAs allow business owners to set aside far more money on a tax deferred basis than a traditional IRA.

One of the major advantages of the SEP IRA over the 401k (although the 401k has some advantages over a SEP IRA too) is that they are very inexpensive to own and manage. Very little fees, no Form 5500, and no summary plan description. Some of the most attractive features of SEP IRA's are:

Business owner can make contributions after year-end

Easy to setup, most brokerage companies can set them up in 48 hours

Many investment choices, can be traded quickly and easily

Very little paperwork, no Form 5500 or DOL registration

Ratings

Strategy Overall Benefit



Difficulty Rating



Audit Risk



Aggressiveness Rating



Keep in mind that the SEP IRA is a benefit that must be offered to any employees, too. This cost could offset some of the benefits of the program. SEP IRA's are held at brokerage companies and can be invested in many assets including stocks, mutual funds, bonds, or just cash.

Contributions can be made at any time before the tax return is filed, so you have time to see what your tax bill is going to be and the benefits before you make the contribution.

Strategy Tax Saving Options

	Option A	Option B	Option C
Based on current SEP Income of \$100,000			
	Contribute \$10,000	Contribute \$30,000	Contribute \$66,000
	And save \$2,200	And save \$6,600	And save \$14,520

Must be implemented before April 15th of the tax year



14 Day Home Rental

What it is:

The 14 day rental of a home for the meeting deduction allows business owners to rent their home to a business for the purpose of holding business meetings. On the other hand, if you rent it for less than 15 days, the homeowner DOES NOT have to claim the rent paid as income. In order to take this deduction, it would be most beneficial to coordinate with another business owner and swap info on the homes.

The total days rented cannot exceed 14 days as IRS would require rental income to be reported if more than the 14 days.

You will first need to call and get some estimates of the cost to hold meetings from several different spaces such as hotels or other venues. Make sure to ask for documentation of the rates to keep in the event you need to substantiate your deductions.

Next, rent your friends or neighbors home for your business meetings. Pay them the rental rate you researched with the estimates you received from hotels or other venues.

Have your neighbor rent your home for the same amount and they pay you for the use of your home. Each of you gets to deduct what you paid for the use of each other's home, but you do not have to claim it as income to you personally. Thus you get a deduction without having to claim anything as income.

Ratings

Strategy Overall Benefit



IRS requires the rental amount to be reasonable relative to your net income.

Difficulty Rating



Ask your tax preparer about how this deduction works and tips to implement. DO NOT try to rent the home to yourself or your own business. That could be rejected by the IRS as disallowed.

Audit Risk



Aggressiveness Rating



Strategy Tax Saving Options

	Option A	Option B	Option C
	14 Day Rental Expense of \$1,400	14 Day Rental Expense of \$2,500	14 Day Rental Expense of \$5,000
	Saves you \$308	Saves you \$550	Saves you \$1,100

Must be implemented before Dec. 31st of the tax year



Employing Your Children

What it is:

If you have children between the ages of 7 - 22, you can use this strategy to save some money. Here is how it works:

- Each of your children can be employed by your business and paid an annual wage of \$13,850. This is an important amount, because it is the standard deduction for single individuals.
- Your business gets to take a deduction for the payment, thus decreasing your taxable income.
- Your children will then file their own tax return, but since they only made \$13,850 they pay no federal income tax because the standard deduction of \$13,850 makes their taxable income 0.
- So the business gets to take a deduction, but the kids pay no federal income tax. It does not get much easier than that!

This strategy can also be combined with IRA and 401k strategies to really maximize the benefit. For instance, if you paid each child \$30K each as salary. You could put \$18,000 into a 401K that is deductible, and you can use their standard deduction to take their taxable income to zero.

In that case, your business can deduct \$30K per child, but again, no taxable income. This is a very important strategy.

Ratings

Strategy Overall Benefit



Difficulty Rating



Audit Risk



Aggressiveness Rating



MAKE SURE YOUR KIDS REALLY DO SOME WORK! Many business owners use this strategy and never have the children actually perform work. It can be simple, it can be infrequent (maybe just in summer), but it must be done.

Make sure your payroll provider knows they are your children, sometimes they are exempt from FICA and Unemployment.

Case law shows that at age 7 children have been deemed fit to perform duties in the workplace. However, make sure you understand child labor laws. Don't work them overtime, don't work them late at night, no manufacturing jobs, etc.

Strategy Tax Saving Options

	Option A	Option B	Option C
	Pay Each Child Per Year \$4,500	Pay Each Child Per Year \$9,000	Pay Each Child Per Year \$13,850
	You Will Save \$2,970	You Will Save \$5,940	You Will Save \$9,141

Must be implemented before Dec. 31st of the tax year



401K Planner

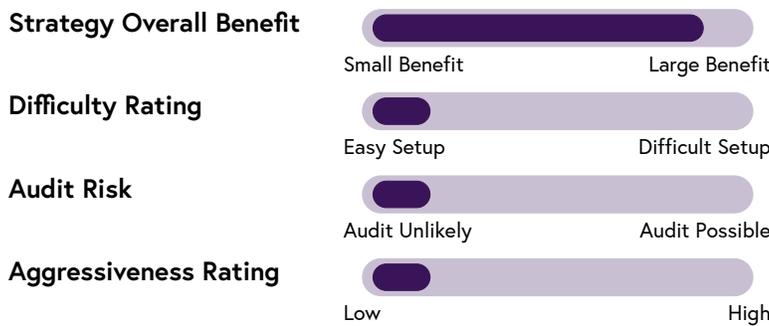
What it is:

A 401k plan is an employer sponsored retirement account that allows employees to contribute portions of their wages to a retirement plan and receive tax benefits. You can contribute up to \$22,500 an an employee, and if you own your own business that sets up a 401k plan, you can contribute much more.

401k's have several benefits including:

- If you are over 50, you can make catch up contributions
- Contributions are not treated as income and could put you in a lower tax bracket
- You can contribute 100% of your wages, or any percentage up to the employee max (\$22,500)
- The employer can contribute more on your behalf (total max contribution \$66,000 in 2023)
- If you are going to put more than \$10K a year into a retirement account, 401k is usually best option.
- A retirement plan is protected by the Employee Retirement Income Security Act of 1974 (ERISA) from claims by judgment creditors.

Ratings



While more complex to set up than an SEP IRA there are many additional benefits to setting up a 401k Plan. From helping recruit new talent, retaining current talent, and incentivizing performance, to a dollar for dollar match on everything an employer contributes to staff members. It's important to note there are federal regulations for matching.

To set up a 401K plan contact your CPA, bank, mutual fund provider or insurance company. There are 4 steps for setting up a 401k plan: adopt a written plan document, arrange a trust for the plans assets, develop a record keeping system, and provide plan information to employees eligible to participate. A qualified plan must be established before 12/31 of the prior year.

Strategy Tax Saving Options



	Tax Payer Wages: \$75,000	Spouse Wages: \$75,000	
	Current 401K Contributions \$15,000	Current 401K Contributions \$15,000	
	Contribute \$10,000	Contribute \$30,000	Contribute \$66,000
	And save \$2,200	And save \$6,600	And save \$14,520



Business Entity Planner

What it is:

A business entity is an organization created by an individual or individuals to conduct business, engage in a trade or partake in similar activities. A business's entity type dictates both the structure and how that company is taxed. This planner will help you decide which entity is the best fit for you.

48% of US businesses are Sole Prop / Partnerships

A sole proprietorship is the simplest business entity, with one person (or a married couple) as the sole owner and operator of the business. Partnerships share many similarities with sole proprietorships - the key difference is that the business has two or more owners.

PROS

- One level of tax on net income
- Simple to set up
- One tax return

CONS

- Unlimited personal liability
- Very high SE Tax
- Few planning opportunities

19% of US businesses are C-Corps

An independent legal entity that exists separately from the company's owners. Shareholders (the owners), a board of directors, and officers have control over the corporation. With this type of business entity, there are many more regulations and tax laws that the company must comply with.

- Viewed as an individual taxpayer by the IRS
- Optional distribution management

- Double Taxation
- Multiple tax returns
- Tax rates change frequently

33% of US businesses are S-Corps

Preserves the limited liability that comes with a C corporation but is a pass-through entity for tax purposes. This means that, similar to a sole prop or partnership, an S corp's profits and losses pass through to the owners' personal tax returns. There's no corporate-level taxation for an S corp.

- Limited personal liability
- Flow through taxation
- Avoids SE tax on distributions

- More rules, more filings
- Must pay officer salary
- Requires corporation or llc



Business Entity Planner

Comparison

Compare the total tax for each of your companies under the different entity types, we have highlighted the best option for each below.

		Sole Prop / Partnership	C-Corp	S-Corp	Savings
1	Sample Company Current: S-Corp Recommended: S-Corp	SE Tax: \$423 Income Tax: \$12,275 State Tax: \$4,500 Total Tax: \$17,198	SE Tax: \$0 Income Tax (Corporate): \$628 Income Tax: \$12,276 State Tax: \$4,612 Total Tax: \$17,516	SE Tax: \$0 FICA Tax: \$160 Income Tax: \$12,313 State Tax: \$4,510 Total Tax: \$16,982	Already using the best entity

How to Change Your Business Structure

Register with the IRS to apply for an updated Employer Identification Number (EIN) (you'll need that to file your taxes and pay your employees) Register your new business structure with your state. Reapply for state licensure. Update your bank accounts and records to reflect your new business.

Will you need a new EIN?

<https://www.irs.gov/businesses/small-businesses-self-employed/do-you-need-a-new-ein>



Traditional & Roth IRA Planner

What it is:

Choosing between a Roth IRA and Traditional IRA depends on income level and financial goals.



Traditional IRA

Anyone with earned income is eligible. Best suited for individuals who expect to be in the same or lower tax bracket when they start taking withdrawals.

Key Difference: A traditional IRA allows you to make pre-tax contributions. This allows you to take advantage of tax benefits today.

Taxes	Contributions	Withdrawals
<p>Contributions grow: Tax deferred</p> <p>Tax-deductibility: Yes, gives immediate tax benefits</p>	<p>Contributions come from: Pre- or after-tax dollars</p> <p>Max Contribution for 2024: \$7,000 (\$8K if over 50)</p>	<p>Penalties: Penalty free but taxes at current income after age 59 1/2</p> <p>Mandatory Distributions: After age 72</p>

Strategy Tax Saving Options

	<p>Tax Payer Wages: \$75,000</p> <p>Current Contributions: \$0</p>	<p>Spouse Wages: \$75,000</p> <p>Current Contributions: \$0</p>	
	<p>Contribute \$2,000</p>	<p>Contribute \$4,000</p>	<p>Contribute \$7,000</p>
	<p>And save \$440</p>	<p>And save \$880</p>	<p>And save \$1,540</p>



Traditional & Roth IRA Planner

What it is:

There are specific IRS income limits for contributions to a Roth IRA. \$153,000.00 for single filers and \$228,000.00 for married filing jointly.



ROTH IRA

Only those with an income below a certain level are eligible. Best suited for individuals who expect to be in a higher tax bracket when they start taking withdrawals.

Key Difference: A Roth IRA allows you to make after tax contributions meaning tax-free withdrawals in the future.

Taxes	Contributions	Withdrawals
<p>Contributions grow: Tax Free</p> <p>Tax-deductibility: No, gives no current year tax benefit</p>	<p>+</p> <p>Contributions come from: After Tax Dollars</p> <p>Max Contribution for 2024: \$7,000 (\$8K if over 50)</p>	<p>+</p> <p>Penalties: Penalty free but taxes at current income before age 59 1/2</p> <p>Mandatory Distributions: None</p>

There are no Tax Saving Options for ROTH IRA



Health Savings Planner

What it is:

When it comes to helping you pay for qualified medical and health care expenses, you have several tax advantaged accounts to help you in your tax planning. These accounts can help you pay for things like deductibles, copays, coinsurance, prescription costs, and more.

- **Health Savings Account (HSA)** - A type of savings account that lets you set aside money on a pre-tax basis to pay for qualified medical expenses. HSA funds roll over year to year if you don't spend them.
- **Health Reimbursement Account (HRA)** - are employer-funded group health plans from which employees are reimbursed tax-free for qualified medical expenses up to a fixed dollar amount per year. Unused amounts may be rolled over to be used in subsequent years.
- **Flexible Spending Account (FSA)** - An arrangement through your employer that lets you pay for many out-of-pocket medical expenses with tax-free dollars. If money is left at the end of the year, the employer can offer one of two options (not both): You get 2.5 more months to spend the left over money.or you can carry over up to \$500 to spend the next plan year.

Below we summarize and compare your the different types of accounts as well as provide possible tax saving opportunities

	Health Savings Account (HSA)	Health Reimbursement Agreement (HRA)	Flexible Spending Account (FSA)
Account Ownership	Employee/Individual	Employer (held in employee name)	Employer (held in employee name)
Deposits Made By	Employer, Employee, or Both	Employer	Employer, Employee, or Both
Expenses Covered	Medical, Dental, Vision, Prescription Drugs, OTC Drugs, COBRA, LTC Premiums	Medical, Dental, Vision, Prescription Drugs, OTC Drugs	Medical, Dental, Vision, Prescription Drugs, OTC Drugs
Health Insurance Plan Requirements	Must be covered by an HDHP plan	Must be covered by group health insurance	None
Contribution Limits 2023	\$3,850 (Self Only) \$7,750 (Family)	None	\$3,050
Contribution Limits 2024	\$3,850 (Self Only) \$7,750 (Family)	None	\$3,050
Tax Savings (Contribution)	\$264 \$1,200 N/A*	\$264 \$1,200 N/A*	\$264 \$1,200 N/A*
<small>\$2,000 \$5,000 \$9,000</small>			

*N/A means the contribution amount is too high for your situation



Defined Benefit Planner

What is this:

Defined Benefit Plans, also sometimes called “Pension Plans” provide a fixed, pre-established retirement plan for employees. The benefit value is fixed, meaning the payments at retirement are predetermined and the business must keep the plan balance in line with the needs of the plan to pay the employees.

The main benefit of these plans to businesses, is the contributions are deductible. This allows for very large deductions if the plan aims to provide retired employees a large annual retirement benefits- even with early retirement! Vesting can follow a variety of schedules from immediate to spread out over 7 years. Benefits are not dependent on asset returns. An excise tax applies if the minimum contribution amount is not satisfied. An excise tax applies if excess contributions are made to the plan as well. Generally a defined benefit plan may not make in-service distributions to a participant before age 59 ½.



Businesses of any size are eligible



You can have other retirement plans as well



Must File form 5500 each year with Schedule Sb



Have an enrolled actuary determine funding + sign SB

Ratings

Strategy Overall Benefit



Difficulty Rating



Audit Risk



Aggressiveness Rating



These plans are very complex to administer, and usually cost more than other retirement plans, but for a business owner that is looking to offset large amounts of taxable income, the defined benefit plan can be highly advantageous. Keep in mind you can't retroactively decrease benefits.

Strategy Tax Saving Options



Current Taxable Income

\$101,400

Current Pension Contributions

\$0

If you contribute
\$5,070

You will save
\$1,115

If you contribute
\$10,140

You will save
\$2,231

If you contribute
\$20,280

You will save
\$4,462



Estimated Tax Payments



Individuals, including sole proprietors, partners, and S corporation shareholders, generally have to make estimated tax payments if they expect to owe tax of \$1,000 or more when their return is filed.



If you do not pay estimated taxes throughout the year, you will owe estimated tax penalties. The rate changes often, but it is usually anywhere from 6%-8% per year.



Below you will find the calculations of your estimated tax based upon the projections created on the dashboard. Each quarterly amount is calculated using that quarter's income data and could be different each quarter depending on business performance.

2024 Projected Federal Tax Due	\$12,312.56	2023 Federal AGI	\$132,091.8
2024 Projected Colorado Tax Due	\$4,509.64	2023 Colorado AGI	\$102,491.8
2023 Federal Tax	\$0	Federal Safe Harbor	\$0
2023 Colorado Tax	\$0	Colorado Safe Harbor	\$0



	1 st Quarter April 15 th , 2024	2 nd Quarter June 17 th , 2024	3 rd Quarter September 16 th , 2024	4 th Quarter January 15 th , 2025	Annual Totals
Required Federal Payment	\$0	\$0	\$0	\$0	\$0
Projected Federal Payment	\$2,770.33	\$2,770.33	\$2,770.33	\$2,770.33	\$11,081.3
Payment Made	-	-	-	-	\$0
Cumulative Shortfall	-	-	-	-	-
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Required Colorado Payment	\$0	\$0	\$0	\$0	\$0
Projected Colorado Payment	\$1,127.41	\$1,127.41	\$1,127.41	\$1,127.41	\$4,509.64
Payment Made	-	-	-	-	\$0
Cumulative Shortfall	-	-	-	-	-

Important Tax Return Due Dates

Tax Strategy Report





0.0.1 Important Tax Return Due Dates

Remember:

Please keep in mind that your tax returns have different due dates throughout the year and depending on if you extend the returns or not. These dates change from year to year depending on weekends and holidays so please review these dates annually. If you have any questions about when your taxes must be filed please contact our office.

Business Income Tax



S-corporation	Partnership	C-corporation
File By 3.15.2024	File By 3.15.2024	File By 4.15.2024
Extend To 9.15.2024	Extend To 9.15.2024	Extend To 10.16.2024

Personal & Other Tax



Personal (1040)	Trust	Non-Profit
File By 4.15.2024	File By 4.15.2024	File By 5.15.2024
Extend To 10.16.2024	Extend To 10.16.2024	Extend To 11.15.2024

Personal Estimated Tax Payments



1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
File By 4.15.2024	File By 6.17.2024	File By 9.16.2024	File By 1.15.2025
Project Using Jan - Mar	Project Using Jan - May	Project Using Jan - Aug	Project Using Jan - Dec