



Anderson, Brolin & Coba CPA's, LLC

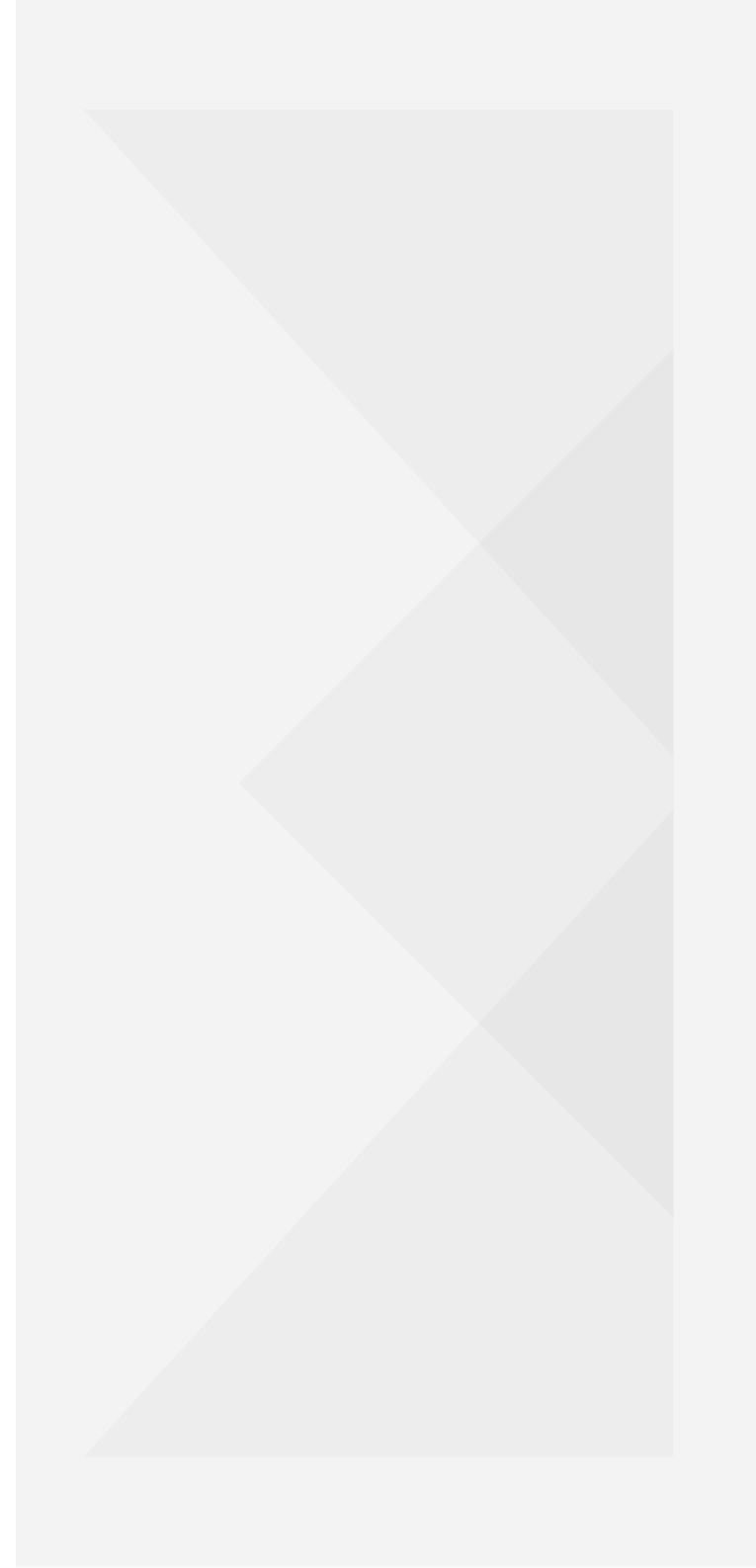
# 2023 Tax Savings Plan

**For MAX BROLIN**



# What's in the plan

- ▶ **Disclaimer**
- ▶ **Year-over-year comparison**
- ▶ **Your top tax-saving strategies**
- ▶ **How to get your maximum tax savings**
- ▶ **More about your strategies**



# Disclaimer

All tax planning, strategies, advice and recommendations in this plan are based on the taxpayer's available tax return data, information disclosed to us, and current tax law. Tax laws can and do change frequently. Federal, state, local, payroll, property and other taxes often overlap and involve complexities that rarely yield a single best strategy. Effective tax planning is a lifelong process. It requires regular updates to review the taxpayer's goals, life changes, investments, businesses, changes in income, pre-tax opportunities, retirement planning, state and local taxation, and more.

Tax projections and recommendations include assumptions and should not be viewed as guarantees. The actual results will vary from projections. The actual tax savings will vary from the estimated tax savings. These plans and projections are only a guide, not a promise. These plans are generated using services provided by Intuit and provided without warranty of any kind, express or implied. While effort has been made to ensure accuracy, Intuit won't accept responsibility for any errors or omissions, or for any consequences arising from use of the services.

Tax planning is a team exercise. Many of the tax savings estimated in this plan are dependent upon taxpayers completing certain action items. If taxpayers fail to take necessary actions, the tax strategies may not yield the estimated benefit. Success is also dependent upon regular communication about changes in the taxpayers' circumstances to our firm, so we can evaluate the impact of changes on the taxpayer's tax plan.

In addition to the taxpayers and our firm, planning often includes financial planners, insurance agents, and attorneys. We do not assume responsibility for the advice of any additional professionals.

Third-party links provided in the report serve as a convenience and for informational purposes only, we accept no responsibility for the accuracy, legality, or content on these sites.

We have no obligation to update this tax plan.

# Year -over- year

## 2022 actual

Total income  
**\$242,000**

Taxable income  
**\$213,613**

---

	Total taxes	Balance due
Federal	<b>\$73,508</b>	<b>\$76,159</b>

	Total taxes	Balance due
State	<b>\$13,716</b>	<b>\$14,704</b>

---

Strategy tax savings  
**\$0**

## 2023 projection

Total income  
**\$232,898**

Taxable income  
**\$196,265**

---

	Total taxes	Balance due
Federal	<b>\$41,637</b>	<b>\$42,638</b>

	Total taxes	Balance due
State	<b>\$14,017</b>	<b>\$15,026</b>

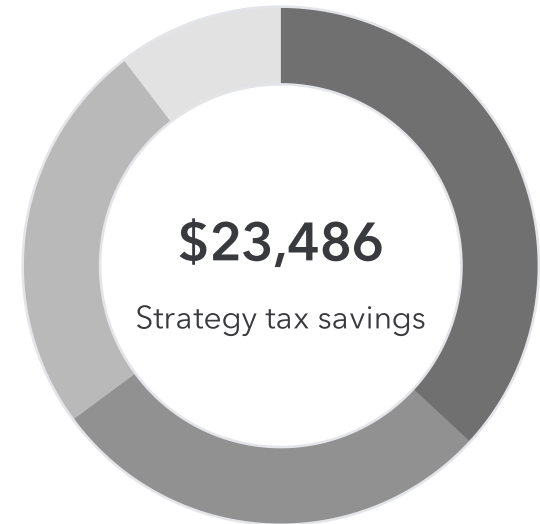
---

Strategy tax savings  
**\$23,486**



# Your top tax-saving strategies for 2023

■	Solo 401(k) contributions Solo 401(k) (T)	⇒NEW⇐	\$8,662
■	S Corporation choice of entity CONSTRUCTION (T)		\$6,574
■	QBI Deduction Return level		\$5,805
■	Business Use of Home CONSTRUCTION (T)	⇒NEW⇐	\$2,445



# How to get your maximum tax savings



Strategy	Strategy change	Net out-of-pocket	Tax savings
Solo 401(k) contributions Solo 401(k) (T)	\$22,500	\$13,838	\$8,662
S Corporation choice of entity CONSTRUCTION (T)	-\$242,000* See page 9 for details	\$0	\$6,574
QBI Deduction Return level	\$18,140	\$0	\$5,805
Business Use of Home CONSTRUCTION (T)	\$6,000* See page 11 for details	\$3,555	\$2,445

# More about your strategies



# Solo 401(k) contributions

If you own and run your business alone, or if only you and your spouse work in the business, you can save for retirement with a Solo 401(k). A Solo 401(k) is like a regular 401(k) plan that many employers offer. If your business grows and you eventually hire employees, the Solo 401(k) simply converts to a regular, employer 401(k) plan.

## Can the Self-Employed Have a 401(k)?

If you're self-employed, have you ever wished that you could have a 401(k) plan, just like salaried employees?

## What Is a Solo 401(k)? Self-Employed Retirement Plans

The perks of self-employment are plenty, but there's at least one significant drawback: the lack of an employer-sponsored retirement plan like a 401(k).

## How to get started:

- ▶ Establish a Solo 401(k) plan through payroll provider, a broker, or a financial institution.
- ▶ Contribute the planned amount by the due date of your return (usually April 15th).

---

2023 Strategy tax savings

**\$8,662**



# S Corporation choice of entity

The projected S Corporation net earnings are sheltered from self-employment tax, which would be paid if self-employed. The corporate structure provides the owner limited liability protection so personal assets are shielded from claims of business creditors. The business income, tax deductions, credits, and losses are passed through to the owner, rather than taxed at the corporate level.

## S-Corp can reduce your self-employment taxes

For most taxpayers, saving for retirement is the best way to lower your taxes and to build a sizable nest egg.

## How to get started:

- ▶ Incorporate (or create an LLC) using a local attorney or other legal resources.
- ▶ Apply for an EIN with Form SS-4.
- ▶ File Form 2553 S Election within 75 days.

---

2023 Strategy tax savings

**\$6,574**

# QBI Deduction

The qualified business income deduction strategy will generate an insight whenever there is an activity with qualified business income, and the taxable income on the return causes the QBI deduction to be limited on IRS Form 8995-A. This strategy will show you the limited QBI deduction amount, and the maximum potential QBI deduction. As you add strategies to the plan that reduce taxable income, the recomputed QBI deduction will be shown in this strategy.

## Qualified business income

Many owners of sole proprietorships, partnerships, S corporations and some trusts and estates may be eligible for a qualified business income (QBI) deduction

## Facts about Qualified business income

Depending on the taxpayer's taxable income, QBI is subject to limitations including: 1. The type of trade or business. 2. The amount of W-2 wages paid by the qualified trade or business, and 3. The unadjusted basis immediately after acquisition (UBIA) of qualified property held by the trade or business.

## How to get started:

- ▶ If the QBI deduction is being limited, consider additional strategies that reduce taxable income as a means to increase QBI deduction.

---

2023 Strategy tax savings

**\$5,805**

# Business Use of Home

A taxpayer may deduct the business use of their residence. In order to qualify, the use must be incurred because of the taxpayer's business and the residence must be used exclusively and regularly as the taxpayer's place of business.

## Deductibility of home office expenses explained.

With a home office, taxpayers claim a business deduction for expenses arising in a qualifying use of all or part of a residence.

## S-corporation home office deductions.

If you are an employee of your own one-man corporation, whether a regular "C" corporation or a "sub-chapter S" corporation, you have several choices for handling the costs of a qualifying home office:

## How to get started:

- ▶ Verify that the business operations occur exclusively and regularly out of a portion of your home.
- ▶ Keep detailed records of business activities you conduct in your residence and all associated expenses.
- ▶ Verify the total square footage of your home, and the square footage of the area you use exclusively for your business.

---

2023 Strategy tax savings

**\$2,445**