



# December Tax Planning Cheat Sheet

## For Business Owners

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Here are the quick and dirty tax moves you can make in December that will help you pay less taxes and be ready for tax time, because F the Government, JK! The Government makes our country work and I barely want to take the trash to the curb let alone go out and dump my own trash off at a dump site

Disclaimer: this is not tax advice; this is for educational purposes only.

PERSONAL FINANCE IS PERSONAL, so please act like an adult and tax responsibility for yourself.

If you believe you are not doing enough for your taxes or maybe your current CPA or tax preparer is NOT actually helping you and is just filing your forms, then you are missing a crucial team member in your personal finance team. You can change your CPA, but you do not have to. We love to work with other CPA's, when they see all that we do for our clients they often refer the heck out of us to most of THEIR clients.

We are not here to replace your CPA or tax preparer, we are here to be a part of your personal finance team and work WITH your CPA or tax preparer so that together we can keep you moving in the right direction

Lets make a tax plan, and actually ACT ON IT TOGETHER. You don't know what you don't know. That is why you hire someone who does already know and you should EXPECT them to be good at their job. That's how we have grown our company, by just being someone who actually picks up the phone, charges for our time, and provides you with REAL PROACTIVE PLANNING, GUIDANCE AND ACTION.

Enough of the sales pitch, here is what you came for:

# 1. DEFER INCOME

This is simple, effective and takes the least amount of effort if you are cash basis

If you are cash basis, just hold on to checks or hold off on sending invoices till January. Cash will get a little tight, but that's the point. You do not recognize the income until you deposit it, so just wait it out.

If you are Accrual basis, this is more complicated, because its based on when you deliver the goods or services, and there are different rules for different industries, so check with your CPA about how you can do this for your industry IF you are accrual basis.

## Ravenhouse 2. TAX LOSS HARVESTING

Again, another easy one, but you can make it more complicated if you would like to take out a large sum of cash for other uses.

You review your stocks in your TAXABLE BROKERAGE account( not retirement accounts), which stocks are in the red for TOTAL RETURN. To be clear, which stocks do you own that have lost money since you bought them? Sell those!

Why?

Because you can claim up to \$3,000 in losses for the year, that's \$3,000 in deductions.

There is some planning around this that you can take, because when you sell those stock, you have now freed up capital, you can reinvest that capital into something else, but you CANNOT reinvest that into stocks that are similar to what you sold, they must be different to some degree.

OR

Since that cash has been freed up, you can take that cash out to with as you please.

The complicated part is that you can choose how much equity to sell to achieve your cash position goal and still hit the \$3k in losses

How?

Well 3k in losses could happen multiple ways such as:

Example A: 6k worth of stock A that went down to 3k worth = 3k loss = 3k in cash free

Example B: 100k worth of stock A that went up to 200k worth plus 300k worth of stock B that went down to 197k worth today = 100k gain stock A – 103k loss Stock B = 3k loss = 397k in cash free

The math is mathing!

Both produced a 3k net loss but there were very different amounts of cash released

Work with your financial planner to figure out how to take some losses while also releasing some free cash that you may need, IF YOU NEED IT. – not advice, just creative education.

### 3. ACCOUNTABLE PLAN

This is a document that is basically an agreement between you (the business owner) and your business.

This document outlines what expenses your business will reimburse you for.

Such as a % of your use of your personal cell phone or home internet for business use. Home office expenses, so again pro-rate % of home expenses like mortgage interest, insurance, utilities for the amount of space you have dedicated for business use in your home. Meals, Mileage expense using the IRS standard mileage rate (this is if you use your personal vehicle for business uses, then you must have records of your business miles for the year).

Get this document set up correctly and then reimburse yourself

It becomes a deduction for your business, and tax free income to you, because in the end, it was always meant to be a business expenses, you were just the middle man for it.

### 4. AUGUSTA RULE

Host an event at your home, and your business gets to pay you a rental fee just like if you were to rent out an event space. The kicker here: as long you rent your home less than 14 day per year, then that rental income to you (personally) is tax free.

Your business gets the deduction for renting an event space, and you keep that rent as tax free personal income. Do this for 12-14 days a year, and some small businesses can basically cover their tax bill with this money.

How to do this right? Well its all about documentation

Keep a guest list, take pictures, keep an agenda, a snapshot of comps of comparable event spaces (Airbnb or peerspace is great for this)

Then at year end, have the business issue you a 1099-misc and have your CPA or tax preparer claim the Augusta rule exemption for that income.

## 5. 401K OR SEP IRA CONTRIBUTIONS

This is all depends on what kind of plan you have setup for your business.

Max your employee and employer contribution to what your plan allows. This can take a significant amount of cash out of the business, so plan accordingly for your business cash flow.

## 6. PERSONAL IRA CONTRIBUTIONS

Max your IRA personal contributions. Be aware that for a ROTH account, there are income limits, so you may have to consider doing a backdoor ROTH. Talk to your financial planner about how to make that happen. Work with a pro to help you execute it.

## 7. S-CORP OWNER PAY / SEC 199A OPTIMIZATION

This is a little tricky, and requires doing financial projections for you business

You project what your business net income will be while maintaining your current payroll, and you play around with numbers a bit to find the right mix of payroll and business net income so that on your personal taxes, you get the highest deductions you can get.

A cheap trick that works MOST of the time (but not every time), is making wages = around 28% of Business net income BEFORE WAGES

For some easy math

(BNI) Business Net income \$70,000

Wages \$27,500

Payroll Tax \$2,500

BNI (Before Wages) \$100,000 ( this just adding up all the above)

Wages are 27.5% of BNI before wages

If you need to up the payroll to meet this optimization, then sounds like owner bonuses are due. You successful owner you.

Be aware, there are reasonable compensation rules to touch base on as well. This mean you cannot pay yourself too low just to increase the optimization, you have to still pay yourself a reasonable salary for the size of your business.

This is where a professional steps in to guide you (cough cough Ravenhouse Accounting)

## 8. GATHER YOUR RECEIPTS FOR DAYCARE COST

This one is very easy to do, and is so often overlooked. If you paid for childcare services at a registered childcare place, talk to them about getting a tax form that shows their official legal name, their Tax ID number (called an EIN) and how much you paid them that year.

You can deduct up to \$2,200 of those cost.

Most people are paying for daycare, but so few people actually claim those tax credits. Don't miss out on this.

If you have missed out on this in prior year, and the childcare place can give you the documents that shows their information and how much you paid each year

Then Please

AMEND YOUR RETURNS, THE CREDIT IS FREE MONEY THAT YOU EARNED, CLAIM IT!

## 9. Energy Efficient Improvement credits

This is if want to upgrade some crucial parts of your home with energy efficient upgrades to your home. Just keep the receipts.

If you need to replace your old windows, HVAC, Electric Box, Wiring, Insulation, Exterior Doors, Water Heater, or install solar panels. These are the kind of upgrades that the government wants to pay you for.

claim that tax credit, it helps offset the cost of those replacements.

How much of a credit?

30% of the cost up to a max credit of \$1,200

That's free money for upgrades you probably needed anyways.

That's all folks!

These are just the easy things to do at end of year. There is SO MUCH MORE that could be done throughout the year that could LITERALLY CHANGE YOUR LIFE.

Imagine working with a tax planner like us all year long. There are soooo many credits for businesses that so many of you qualify for, but you don't know what those are or how to take them. Your current CPA is just doing the basics and keeping you compliant. That's great and all, but you need to have a tax planner/strategist that works alongside your CPA that pushes your CPA a little bit to file a few more forms that cost your CPA maybe 8 hours for them to learn how, but saves you over 20K, and potentially puts 10k-30K into your pocket EVERY SINGLE YEAR while increasing your net worth.

Our done for you Tax Strategy starts at \$2,000, has a 20% deposit and the remainder paid over 12 months.

We work with you MONTHLY TO IMPLEMENT strategies. Yes. IMPLEMENT. Not just give you a big fancy planning document, we actually do it with you every step of the way. You are paying us to be your accountability partner, and your creative tax strategist all at once.

So yeah, we may have wacky conversations, give you spreadsheets of a property we found that fits with what you want to buy, and urge you to consider putting your money to work into investment vehicles for both the tax break and the net worth multiplier, but isn't that what you should expect? Shouldn't a professional be proactively guiding you to a better future?

If you think so. Then book a call to find out more. The half hour consult is free. We have exclusive tax strategy packages for all the different stages of business and personal net worths. From beginner up to expert level business operators.

But we do hourly as well. Don't want to commit to a tax package, that's ok. You can book a call with us anytime for \$120/ hour.

We only take a max of 250 clients per office, and our new Colorado office is filling fast, so act now or wait till we open our next office.

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Here are our tax strategy packages

Book a call with us here if you would like to learn more where we dive deeper into some of the non-December (aka non last minute) strategies look like that can have real business and life changing effects.

Book a call at <https://calendly.com/ravenhouse0195/discovery-meeting>

Outside our tax packages, we are available for tax planning Ad-hoc calls for \$120/hour. 1<sup>st</sup> half hour consult is free to see if it makes sense to move forward.

When you invest (yes invest, because our service is also a deduction) into a tax package, then you can call us anytime at no additional charge. And we will be actively calling you to make plans, and help us help you

What you won't see, are the hours of research before and after all of our calls so that we can actively help you.

Level 1 W2 Earner w/ side hustle < 20K net worth	Level 2 Full time Business Owner Operator < 100K net worth	Level 3 Full time Business Owner Manager < 400 K Net worth	Level 4 Full Time Business Investor >1M Net worth
\$1,995	\$3,998	\$5,994	\$8,496
\$400 Down +\$145 for 11 mo's	\$500 Down +\$318 for 11 mo's	\$1,000 Down + \$454 for 11 mo's	\$1,500 +\$636 for 11 mo's
Monthly Planning	Monthly Planning	Monthly Planning	Monthly Planning
establish accounts	Budgeting	Projections	Projections
Budgeting	Projections	Multi Entity Structure	Investment Planning
Projections	Multi Entity Structure	Equipment Planning	Cash Allocation
Entity Structuring	Equipment Planning	Investment Planning	Acquisition Planning
		Cash Allocation	Estate Structures
Expect a monthly call	Expect a monthly call	Expect a call every 2-3 weeks or 5-6 hours of calls per month	Expect a call every 2-3 weeks or 5-10 hours of calls per month