

5 Incredible Tax Saving Strategies

Keep More of What You Earn

Most business people spend the majority of their time developing strategies to generate more income. In other words, they think that the secret to becoming wealthy is to make more money. While making more money is important, their reasoning is fatally flawed. That's because they are unconsciously throwing money away every single year. One of the biggest areas where you throw money away is overpaying your taxes.

So what? You say. What's the big deal?

The big deal is that taxes are your largest expenses. They can eat up 50% of every dollar you earn. That one misstep is costing you thousands and thousands of dollars every year. (If you're in your forties, which could add up to \$100,000 or more) That's the bad news.

The good news is that this provides you with a unique opportunity, an opportunity to save a HUGE amount of money. You see, if you can have a 5% -10% impact on this problem, you can save thousands of dollars year. These tax deduction strategies can put \$10,000 or more in your pocket every year you do them. This is money you use to buy a new car, take a great vacation with your family, buy your spouse a great gift, YOU CAN DO ANYTHING YOU WANT WITH THE MONEY! It's yours to spend or invest as you see fit.

What follows are 5 powerful strategies that can help you reduce your taxes by 50% - 70%.

Tax Saving Strategy #1 - Start Your own Business

Decades ago, the Supreme Court issued a judgment that has a profound impact on your finances. They said that "there are two tax systems in this country. One for the educated and one for the uneducated." The uneducated tax system is what we call the W-2 system. Its goes like this. You make money. They take taxes (approximately 50%) and you must live on the rest. Here's a diagram to better illustrate:

$$\begin{array}{r} \text{Earning} \\ - \text{Taxes} \\ \hline \text{Spend} \end{array}$$

Despite all the hype by income tax preparation specialists, there are only a handful of deductions available to you in this system. Even if they do a great job, in this system, they can have very little impact.

The educated system goes like this: You earn money, you expense it off, and you pay taxes on the balance. It looks like this:

$$\begin{array}{r} \text{Earning} \\ - \text{Expenses} \\ \hline \text{Pay Taxes on Differences} \end{array}$$

Knowing this one fact can have an ENOURMOUS impact on your tax bill and therefore on your financial wellbeing.

So, if you don't have your own business, start one. You can increase your income AND put yourself into the educated tax system. The benefits are incredible. This single step could save you \$5,000 or more.

Tax Saving Strategy #2 - Convert Your Ten Largest Expenses

Most accountants I interview indicate that they utilize about 25 deductions for their clients. Things like their phone, fax, automobile, office supplies and some meals and entertainment. Now, that's a step in the right direction because the uneducated system gives you only a handful.

Yet, we have identified over 300 individual business deductions and numerous other strategies that can slash your taxes dramatically. These are deductions that the government through Congress and the IRS has made available to you. It's like getting a government subsidy. Nothing shady, no red flags – these strategies are given to you and endorsed by Uncle Sam himself! Without fully using them, you are overpaying your taxes and ripping yourself off – unnecessarily.

You see, the Supreme Court also ruled that it is your Constitutional right to arrange your affairs so as to minimize the amount of taxes you pay. You should not pay one dollar more than what you legally have to; yet you almost certainly are.

Carefully review your personal check book, your personal credit cards and your personal cash receipts. Go line by line and identify those expenses that you can legally convert to business deductions. Shift them over to your business and reap the rewards!

This could save you over \$15,000.

Tax Saving Strategy #3 - The 6 Column Strategy

The Six Column Strategy is actually an extension of strategy #2. It starts by converting your ten largest expenses. The next step is to properly document those expenses in order to audit-proof your records. By properly documenting your business expenses you shift the burden of proof from you as the tax payer - back to the IRS. This can completely change the outcome of any questions that might arise.

Your documentation starts with a simple pad that you divide into 5 columns. (you might prefer a Word document or spreadsheet). You must answer 5 questions for each deduction you take. They are Who, What, When Where and How Much? Make each question a column heading. List each of your business deductions on a separate line. Along with your canceled checks, credit card statements and receipts, this forms the backbone of your documentation system.

Now, add a sixth column to your spreadsheet and label it "reimbursed expenses". Go back through your personal expenses from this year and re-categorize those that can be deducted as business expenses. Pay special attention to health care (premiums, deductibles, co-pays and uncovered items like chiropractic care, massage and dental), Travel and entertainment (business meals, entertainment followed by a business meeting and vice versa), equipment like computers, fax machines and business cell phones, supper money, clothing with a company logo, salaries for your kids and dependent care.

Total them up and write yourself a reimbursement check for the proper amount. (Many of our clients report uncovering \$2,500 - \$7,500 using this process.

Now, here's the super special; bonus: You can amend your tax returns up to 4 years back. Imagine that you discover \$5,000 in savings. If you go back 4 years, that's \$20,000 in cold cash coming to you – untaxed because it's a reimbursement of a business expense. Not bad for a few hours work! This could save you \$20,000 or more.

Tax Saving Strategy #4 - Obliterate the Self Employment Tax

If you are doing business as an unincorporated business, you are paying an additional tax – the self-employment tax. It amounts to approximately 7% of the first \$85,000 of your income. That's about \$5,600.

By setting yourself up in a proper business structure (corporation or limited Liability Company as an example) you can cut that down to less than \$1,000.

This strategy alone could save you about \$4,000.

Tax Saving Strategy #5 - Up-streaming Income

This is one of my favorite strategies because it is so simple, yet it has a HUGE impact on tax savings. It consists of shifting income from a high tax state or entity to a low tax state or entity. Here's a simple illustration. Say you live in a state that has a maximum income tax of 9%. At year end, the income you generate in that state is subject to that tax. \$100,000 in income = \$9,000 in tax. Ouch!

Now, let's say you shift that income to some other state; one that has a tax rate of 0% (Nevada and Wyoming are good examples). Now, instead of paying \$9,000 in state taxes on that money, you pay \$Zero.

Just make sure you do it properly by having the proper documentation including contracts, security agreements, invoices, etc. in place.

This could save you \$30,000 or more.

Special Bonus Strategy - A Powerful Retirement Plan

Most retirement plans allow you to set aside a few thousand dollars (up to \$5,000 or \$6,000) each year towards your retirement. SEP plans, KEOGH's and 401(k)'s are examples. It's hard to build a financial future that way. Imagine being able to set aside and protect 25% of your taxable income directly PLUS add another 12 ½% contributed by your company. That's a total retirement contribution of 37 ½% each and every year.

Now take it one step further with our IRA Direct program and you can self direct it with check book control of your money into most any investment you choose. Even into a business that you own or control.

WOW, now that's a powerful retirement plan.

Let's recap on the following page:

Estimated Savings from These Strategies

(These figures are for illustration purposes, your savings may be different):

Strategy 1:	Start Your Own Business	\$ 5,000
Strategy 2:	Convert Your Largest Expenses	\$ 15,000
Strategy 3:	6th Column Strategy	\$ 20,000
Strategy 4:	Self Employment Tax	\$ 4,000
Strategy 5:	Up streaming Income	\$ 30,000
Strategy 6:	Special Retirement Plan Strategy:	\$ 20,000 or more.

Summary

The strategies outlined above are designed to give you an overview and good working knowledge of just some of what is available. They are by no means the only strategies available to lower your taxes. If you would like to learn about other tax saving strategies, please e-mail info@life1010.info for more tax saving strategies. We will direct you to a Tax Accountant that can suggest products and services that will help you identify and implement additional tax saving and asset protection strategies.

DISCLAIMER: We are not Tax Accountants/Attorneys... but we know a few. Thankfully we got this information from them. ☺