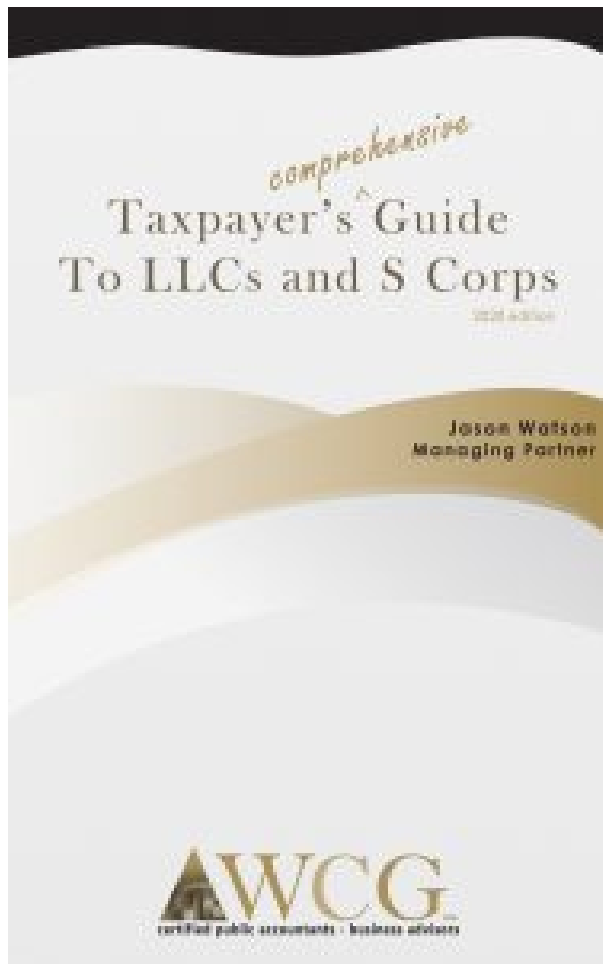


## Book



## Self-Employment Taxes

Posted February 29, 2020

WCG and Jason Watson, CPA, have released the **2020 Edition** of Taxpayer's Comprehensive Guide to LLCs and S Corps. 340 pages of pure pleasure! This edition has updated 2020 data such as IRA limits and Social Security wage limits, but it also has a bunch of new information in Chapter 2 for customized multi-entity structures. Riveting!

We have several examples showing how the Section 199A works, why S corporations remain a great tool for tax savings and why reverting to a C corporation is a bad idea. We also discuss entity formation, S Corp elections, reasonable shareholder salary and business tax deductions. Frankly the Section 199A stuff is only about 40 pages of the material... the rest is good ol' fashion business stuff!

It is available in paperback for \$24.95 from [Amazon](#) and as an eBook for [Kindle](#) for \$17.95. Our book is also available for purchase as a PDF from [ClickBank](#) for \$12.95. Why do we all love 95 cents? We all know that 12.95 is really 13 bucks. At least we are not like gas stations... \$12.949. Silly! Yet we digress. Apple iBook, Barnes and Noble Nook, among others are not utilized since their format is challenging to make mini updates here and there.

Before you spend your money, we encourage you to review the highlights below and download a sample of [Taxpayer's](#)

**Comprehensive Guide to LLCs and S Corps** by using the following button, or the electronic yet full version from our KnowledgeBase-But if you saying to yourself, “Self, just get the darn book and start taking care of business” then click on one of the buttons below-Here are some testimonials to make you feel better (of course we only picked the good ones... just like referrals)-

*Ronny R. says, “I enjoyed it! Gave me lots to talk about with my CPA.”*

*Britt S., Esq. says, “Thank you so much for speaking with me last week! You are amazing and I greatly appreciate all of the information you emailed me. I am in complete adoration of your book!”*

*Lisa A. says, “Detailed information about the pros and cons of creating a small business. Lots of great detail about the tax benefits and consequences. NOT a ‘dummies’ book – it assumes you already have some background knowledge.”*

*Brett B. says, “I read your ‘Comprehensive S Corp’ book. Wow. You blew my mind. I thought I understood S Corps.”*

*Larry M. says, “I found it helpful, but could have gone into a little more detail. There is one main way to save money as an s corp, and how to determine ‘how much you can get away with’ could have been expanded on a bit more. Otherwise, pretty good guide.”*

*M.S. says, “Great read for first time self-employed corp owners. Covers all the main basic of taxes and caveats. Well written and simple to understand for those not well versed in tax law.”*

If you buy our 330-page book and think that we didn’t help you understand small business tax law or the benefits of S corporations, let us know. We never want you to feel like you wasted your money. If you are ready to add some insightful reading into your day, click on one of the preferred formats. Amazon is processed by Amazon, and the PDF is safely processed by ClickBank who will email you the PDF as an attachment.



**\$24.95**



**\$17.95**



**\$12.95**

## Book Edition

Current release is **2020 Edition** which includes the Tax Cuts & Jobs Act of 2017, Section 199A deductions for small businesses and SECURE Act of 2019. We might have additional updates as the IRS provides further guidance. Please email us to let us know you want an updated version, and we will ship free of charge. You may also want to visit our blog to catch up on some recent guidance and other issues surrounding small businesses-

## Avoid Self-Employment Taxes

How can I avoid self-employment taxes? This simple question was the inspiration for creating an article describing the benefits of an S Corporation. That original article, which was about four pages long, quickly became a series of KnowledgeBase articles on WCG (formerly Watson CPA Group) website. The articles touched on basic topics such as how to elect S Corp status, shareholder payroll, reasonable salary determination and liability protection. Those broad topics demanded much more information, both horizontally by spanning into more related issues, and vertically by digging deeper into the granular yet riveting levels of the tax code. Beyond general S Corp benefits, our **2020 edition** of this book will show you-

- Entity Structures, and Custom Multi-Entity Arrangements
- The Fallacy of Nevada Corps
- State Taxes, Nexus, FBA Problems, and Liability
- S Corp Benefits, Tax Savings
- Avoiding Self-Employment Taxes
- The 185 Reasons an S Corp or LLC Might Stink
- Forming and Operating an S Corp
- Late S Corp Election

- Determining Reasonable S Corp Shareholder Salary
- Section 199A Business Tax Deduction
- Tax Deductions, Fringe Benefits, Kids on Payroll and Cars
- Properly Paying for Health Insurance
- Small Business Retirement Planning with Your S Corp

Each week we receive several phone calls and emails from small business owners and other CPAs across the country who have read our [Taxpayer's Comprehensive Guide to LLCs and S Corps](#) and praised the wealth of information. Regardless of your current situation, whether you are considering starting your own business or entertaining a contracting gig, or you are an experienced business owner, the contents of this book are for you.

This book is written with the general taxpayer in mind. Too many resources simply regurgitate complex tax code without explanation. While in some cases tax code and court opinions are duplicated verbatim because of precision of the words, this book strives to explain many technical concepts in layperson terms with some added humor and opinions. We believe you will find this book educational as well as amusing. Here are some additional resources-

## Section 199A Deduction

Section 199A deduction also known as the Qualified Business Income deduction (QBID) arises from the Tax Cuts & Jobs Act of 2017. This is a significant tax break for small business owners but there are rules and limits of course. We have written a short article which outlines what is considered a qualified business for the qualified business income deduction including the dreaded specified service trade definitions (which is easily summed up as "any trade or business where the principal asset is the reputation or skill" of the owner). All this stuff is in our book as well!

Click on the button below for our articles-[S corporations remain a critical tax saving tool for two reasons](#). First, the usual self-employment tax savings remains intact for all business owners including specified service trades or businesses. Second, a business owner might need to pay W-2 wages to himself or herself to not be limited by income, and only corporations can pay W-2 wages to owners (in other words, an LLC cannot without an S Corp election). Read the article above for riveting information!

This information is also incorporated into our book including examples and calculations. Happy Happy Joy Joy!



## Business Advisory Service Plans

WCG specializes in small businesses who generally have fewer than 100 employees. Why? We want to help people, and more importantly we want to help the business owner directly. Frankly speaking, once a business gets to a certain size management layers get in the way of owner access. Access allows us to ensure the owner(s) are leveraging the most out of their business for themselves and their families.

Because small business is a core competency for us, we have created business advisory service plans which include these really cool things-

	<b>A la Carte*</b>	<b>Vail</b>	<b>Telluride</b>	<b>Aspen</b>
<b>2020 Tax Planning and Preparation</b>				
<a href="#">Tax Planning</a> , Tax Projection Worksheets	\$350 to \$500			
<a href="#">Small Business Tax Deductions</a> Optimization	Included			
<a href="#">Section 199A QBI</a> Tax and Salary Optimization	\$300			
Estimated Tax Payments (thru payroll or directly)	inc. or \$75 per			
2020 Business Entity Tax Prep (Form 1065, 1120, 1120S)	\$800 to \$1,200			
2020 Individual Tax Prep (Form 1040), One Owner	\$500 to \$700			
Expat / Foreign Income Calcs (Form 2555, FBAR, Form 8938)	\$300 to \$500	Add-On	Add-On	Add-On
IRS Audit Defense	NA			
Situational Tax Law Research (up to 3 hours annually)	\$750			
<b>2020 Payroll</b>				
Reasonable Shareholder Salary Calculation ( <a href="#">RCReports</a> )	\$400			
Shareholder Payroll Processing (up to 3 shareholders)	\$1,200			
Employee Payroll Processing (up to 25 employees, bi-weekly, direct)	\$300 per month	Add-On		
Annual Payroll Processing (W2s, other filings, up to five 1099's)	Included			
<b>Business Advisory Services</b>				
<b>Consulting</b>				
Business Consultation, Periodic Business Reviews ( <a href="#">PBR</a> )	\$1,000	Quarterly	Unlimited	Unlimited
Complimentary Quick Chats (CQC)	Included	Unlimited	Unlimited	Unlimited
Interfacing with Lenders, Attorneys, Financial Planners	\$500		Unlimited	Unlimited
<b>Financial Analysis</b>				
QuickBooks, Xero Consulting	\$500			
Fractional Controller ( <a href="#">Bookkeeping</a> )	NA	Add-On	Add-On	Add-On
Financial Statements Analysis, Comparisons	\$1,200		Quarterly	Quarterly
Cash Flow Management and Analysis	\$750 to \$1,000			
<a href="#">First Research Industry Reports</a> , Industry-Focused Consulting	\$250			
National and Metro Economic Reports	\$150			
<a href="#">KPI Analysis</a> , Benchmarking, Hot Sheets, Trend Analysis	\$750 to \$1,000			
Budgeting, Forecasting, Goal-Setting	\$750 to \$1,000			
<b>Strategy and Maintenance</b>				
C-Level Financial Advice and Strategic Planning	Included			
Succession Planning, Ownership Changes Consultation	\$750 to \$1,000			
Annual Business Valuation	\$2,500 to \$3,000			
Annual Corporate Governance, Resolutions, Meetings	\$150			
	<b>Annual Fee</b>	<b>\$2,940</b>	<b>\$5,580</b>	<b>\$8,160</b>
	<b>Monthly Fee</b>	<b>\$245</b>	<b>\$465</b>	<b>\$680</b>

**Custom!** Unlike the modern day new car packages where you have to spend \$8,000 for the moonroof, our Business Advisory Service plans can be customized specifically for you. The array above is simply a starting point. If you need more from us, let's chat about it! The following are teased out separately as one and done fees like formation and onboarding stuff.

## Formation

Articles of Organization or Incorporation, Domestic Owners	\$425 + state filing fee
Articles of Organization or Incorporation, Foreign Owners	\$725 + state filing fee
Initial Report (if required)	\$125 + state filing fee
Employer Identification Number	Included
Single Member Operating Agreement (SMLLC)	Included
MS Word Templated Bylaws Agreement (Corporations)	Included
S Corp Election, Timely Election	Included
Accountable Plan	Included

## Onboarding

Payroll Accounts Setup or Transfer	\$300 to \$450
Bookkeeping Setup or Transfer (Fractional Controller)	\$300
QuickStart QuickBooks Setup and Support (90 days)	\$550
<a href="#">Late S Corp Election</a> Back to January 2019	\$375
Examine Prior Tax Returns	Included

**Note:** A la Carte fee ranges are approximates. 90% of our clients fit into these fee ranges, but there are outliers. We have a handful of clients with over 30 rentals; their individual tax return is north of \$2,500. We also are assuming one state; if your business spans the galaxy (keeping with our stormtrooper motif) then additional fees will be discussed with you and implemented. Typically each state is around \$250 since it affects both your business and individual tax returns (frankly, state apportionment is a pain in the butt, but it is our pain).

Couple of other things to keep in mind- we make very little profits on payroll processing... we offer it as a convenience to our clients. One throat to choke with a single call can be reassuring but if you want to run your payroll, go for it! Everyone thinks payroll is a piece of cake; write a check and done. Nope... we see a lot of mistakes being made by clients especially the handling of health insurance and HSA contributions since there are special rules.

You can prepare your own individual tax return as well... but the benefit WCG preparing both tax returns is that we slide things around depending on income limitations, phaseouts, alternative minimum tax (AMT), Section 199A deduction optimization, etc. Having our arms around both can yield some good tax savings!

Some more things to consider- when a partial year remains, our usual annual fee is pro-rated to not charge you for services you didn't use (like payroll and consultation). However, a large chunk of our annual fee is tax preparation which is typically a fixed amount of \$1,300 (both business entity and individual tax returns). Whether we onboard you in January, July or December, we have to prepare a full year tax return. This increases the monthly fee for the remaining months of 2020 but the monthly fee will later decrease in January of 2021 to reflect the amounts above. Yeah, we make it sound like 2021 is just around the corner.



## No BS

We are not salespeople. We are not putting lipstick on a pig, and trying to convince you to love it, even if Tom Ford's Wild Ginger looks amazing. Our job remains being professionally detached, giving you information and letting you decide.

We see far too many crazy schemes and half-baked ideas from attorneys and wealth managers. In some cases, they are good ideas. In most cases, all the entities, layering and mixed ownership is only the **illusion of precision**. Just because you can complicate the crap out of your life doesn't mean you must.

## Section 199A Deduction Optimization

Section 199A is a derivative of the recent Tax Cuts & Jobs Act of 2017. In a nutshell, business owners including rental property owners will enjoy a 20% deduction based on the qualified business income. There are limitations based on income, W-2 wages and depreciation. As a result, there is some optimization that is necessary for a small business owner to get the most from the Section 199A deduction. On one hand we want to reduce W-2 salaries to shareholders to minimize self-employment taxes. On the other hand, we want to increase W-2 salaries so they do not limit the amount of Section 199A that is deducted. Read our full Section 199A Qualified Business Income article by clicking on the button below-

[Pass Thru Tax Reform](#)

## Our Business Expertise



As mentioned elsewhere we primarily focus on small business owners and their unique consultation and tax preparation needs. With over 30 full-time consultation professionals including Certified Public Accountants, Enrolled Agents and Certified Financial Planners on [our team](#), WCG consults on corporate structures, S corp elections (even late S corp elections back to January), tax strategies, business coaching, industry analysis, executive benefits, retirement planning including individual 401k plans, exit strategies, business valuations, income tax modeling and tax representation.

With our Aspen Business Advisory Services plan above, we are your fractional Chief Financial Officer.

We also work with business law attorneys in California, Texas and Colorado for business owners who have additional needs such as buying or selling a business including employee stock ownership plans and partner buy-ins. We also coordinate with Polycorp and RPS to create age-based profit sharing plans and cash balance (defined benefit) plans. We can run point on whatever your business needs so the communication is effective and efficient.

The button below links to our Periodic Business Review (PBR) Agenda. We use this throughout the year as a checklist for our business clients. We can also use it for any type of business consultation. Here are some other buttons that you might be interested in as well.

[Periodic Business Review \(PBR\)](#)

[Sample Biz Services Proposal](#)

[S Corp Questionnaire](#)

[Reasonable S Corp Salary](#)

[Business Tax Deductions](#)

[Auto Purchase Questionnaire](#)

Click the button below to schedule a 40 minute consultation. Our fee is \$150, but we credit that back to you if you decide to engage us for future services. Low risk, high- reward.

[Business Consultation](#)

How does all this work? Let's chat and figured it out together!

**Disclaimer:** ClickBank is the retailer of products on this site. CLICKBANK® is a registered trademark of Click Sales Inc., a Delaware corporation located at 1444 S. Entertainment Ave., Suite 410 Boise, ID 83709, USA and used by permission. ClickBank's role as retailer does not constitute an endorsement, approval or review of these products or any claim, statement or opinion used in promotion of these products.