Tax Planning Services

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Accurate estimated tax payments come from proper tax planning. There is nothing worse than the fear of the unknown since most human responses will be the worse case scenario. In other words, without proper data resulting from tax planning, people will make use of their own data… and it'll be wrong, and will usually lead to a tax surprise. Another thing that is bad is having cash in the bank, but not knowing how much is yours and how much is Uncle Sam's. Let's take the mystery out of the unknown and have **WCG CPAs & Advisors** be your tax strategist, and do some tax planning, and dial in those estimated tax payments.

We have an extensive questionnaire to get the creative juices flowing… which get pumped into our tax planning software-

- What is your business income after expenses for this year? How about next year? (pro-tip: aligning deductions with spikes in income makes sense)
- What is your expected salary or wage that will be paid to you and other shareholders?
- What will be your Roth IRA contribution? Traditional IRA?
- Will you or do you have a 401k? If so, what will be your contribution? Will there be a company or profit sharing contribution?
- How much cash can you separate with for retirement planning? $20k? $50k? $100k?
- Are you paying for health insurance premiums out of pocket? HSA? (pro-tip: max out your HSA, it is a retirement account of sorts)
- Does your spouse have income? If so, what is the source and how much?
- Any other income such as interest, dividends, capital gains, rental income, pension income, rental property sale, etc.?
- What is your state of residency? Will you retire in another state?
- Are you or will you qualify as an Expatriate, Foreign Earned Income Exclusion?
- What is your current business entity? LLC? Partnership? S Corp election?

And these questions are just jumping off points or conversation starters for tax planning. Your unique situation will take us down various roads, and more questions and answers will come up. Also.. and this is important.. we might not arrive at the answer you like or want. But it will be accurate nonetheless, and the sooner you have an answer to sooner you can begin warming up to its consequences (good or bad).

Tax Planning Service Levels

As your tax strategist, WCG CPAs & Advisors will prepare and deliver a tax plan for the household and business entity including estimated tax payments if necessary. We provide the following tax planning service levels.

Streamlined

Streamlined tax planning (household tax planning) is done annually and includes but is limited to changes in-

- W-2 wages
- portfolio income
- retirement income (household tax planning) and
- medical expenses, property taxes, mortgage interest and charitable donations.

Tax strategy is limited to review and general discussion only. Typical fee range is **$250 to $350.** This assumes that WCG prepared your most recent tax returns.

Pro-Active

Pro-active tax planning builds on Streamlined above, is done 1-2 times per year, and includes but is limited to-

- changes in rental income
- changes in business income (Schedule C or K-1) and
- shareholder salary recommendations.

Tax strategy is limited to review and general discussion only. Typical fee range is **$350 to $500.**

Pro-Active Business

Pro-active business tax planning is done 1-2 times per year, and includes but is limited to-

- Computing business entity estimated tax payments for the state and the IRS in some situations (California's Franchise Tax, New Jersey's gross receipts tax, Portland's overall madness, NYC, etc.),
- Calculating backup withholdings for non-resident owners and
- Determining single-owner, single-state **pass-through entity tax (PTET) payments for the SALT workaround**.

Pro-active Business is entity-specific and does not automatically include Streamlined or Pro-Active tax planning. Typical fee range is **$500 to $750.**

Not all business entities require separate business tax planning! It is primarily based on the state, and where your business operates including the owners / principals. California has both franchise tax payments and PTET payments. New Jersey has BAIT which is their version of PTET plus a gross receipts tax. Virginia only has PTET. Florida has nothing. Contact us if you are not sure about your situation.

Advanced

Advanced tax planning builds on Pro-active above, and includes several taxable events such as-

- rental property sale
- primary residence sale
- changes in state residency
- tax effects of accelerated depreciation of business equipment or automobiles
- complex PTET payments (multiple owners and / or multiple states)
- cost segregation or short-term rental benefits

Advanced tax planning is usually for single events or for events that do not repeat year over year. It is not typically included in any of our Business Advisory, Tax Patrol or Investor Patrol Services. Therefore, a scope of service will be determined and quoted separately.

Comprehensive (yeah baby!)

Comprehensive tax planning is designed for tax strategy and scenario-based decision making. For example-

- a multiple rental sale where you want to see how things look if you sold rental A and rental B, or rental A and rental C.
- you are selling your business and want to know the tax changes between installment sale and big fat check.
- whether a cost segregation study should be done this year or next.
- a million other ideas.

Comprehensive tax planning is commonly done when there are decisions to be made as compared to our Streamlined and Pro-active tax planning which are more “after the fact” or reactionary. Help me decide what to do versus here is what happened. These tax strategy and scenario-based comprehensive plans can also straddle multiple years, and take into account when to implement the plan based on the variety of factors taken into consideration during the planning process.

Given the fluidity of comprehensive tax planning, a scope of service will be determined and quoted separately.

Tax Strategist

Tax planning at times can be backward looking… or what accountants call “after the fact.” A sorting of the bodies, if you will. A tax strategist takes tax planning to a higher level by reviewing various tax reduction strategies so you can make informed decisions. For example, you have a **short-term rental** and you want to leverage a **cost segregation study** to get a big deduction, should we pair that with a Roth conversion? Better yet, your rental property was placed in service in 2021 and your income in 2025 is going to skyrocket with a ginormous bonus (yay!). Do we now do a **cost segregation study back to 2021**, pick up 100% bonus depreciation, and slap that against your big fat 2025? Maybe.

This is tax strategy. Marrying your facts and tax planning with the various **tax reduction strategies** to identify tax opportunities aligned with your risk profile allowing you to find comfort with informed decisions.

No, our mother didn’t write that (neither did AI). Who did? Nearly two decades of walking this rock preparing tax returns and working with business owners and rental property investors wrote that cheesy line.

Pass Through Entity Tax Election Planning

Way back in 2017, the Tax Cuts and Jobs Act was passed with a lot of cool tax deductions like corporate taxes going to 21% and the Section 199A qualified business income deduction. But life is one big equalizer, and Congress wanted to limit state and local taxes (SALT) to $10,000. This means either state income taxes or real estate taxes, or both, were severely muted. People in South Dakota owning a $600,000 house were like “what’s the big deal?!” People living in Oregon (second highest state income tax rate next to California) owning the same house were like “WTF, over?!”

Courtesy of Wolters Kluwer

So! States got creative, and created a state tax that was deducted on partnerships and S corporations (otherwise called pass-through entities, or PTE for short) resulting in lower federal taxable income. This tax was in turn credited to the small business owner resulting in lower state income taxes being reported on Schedule A. This is a workaround to the SALT limit, and nearly all states have enacted legislation to do just that.

The IRS took note to the workaround, but understood it was perfect legit. The IRS through **Notice 2020-75** states,

> “Certain jurisdictions described in section 164(b)(2) have enacted, or are contemplating the enactment of, tax laws that impose either a mandatory or elective entity-level income tax on partnerships and S corporations that do business in the

> jurisdiction or have income derived from or connected with sources within the jurisdiction. In certain instances, the jurisdiction's tax law provides a corresponding or offsetting, owner-level tax benefit, such as a full or partial credit, deduction, or exclusion."

The IRS continues by stating this practice is permitted under the notice until it can legislate this practice into regulations.

There are all kinds of rules, and not every business owner will benefit from the PTET or pass-through entity tax deduction. As such, the tax planning for determining the efficacy of using this tax deduction is challenging.

Tax Reduction Strategies

One of our primary focuses at WCG is ensuring you are paying the least amount of taxes allowed by law. Some of our other primary focuses are helping you build wealth and leverage the most of your financial worlds for you and your family. However, these focuses or objectives are not isolated; they are very much related to each other and intertwined.

We can discuss several **tax reduction strategies** in the abstract such as borrowing against your unrealized gains, state deferrals and residency changes, 401k and retirement plans, cost segregation, adding spouse or children to payroll, 1031 exchanges, conservation easements, among other fun stuff.

However, if we want to see the actual tax savings or results in the form a tax plan, then oftentimes this will be considered comprehensive tax planning.

Tax Planning Consultation

Do you have questions on your tax consequence? Did you sell a rental property and are you not sure what you can spend? Are you concerned that your estimated tax payments are incorrect given a bump in net business income? Let's chat!

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Should we need to schedule an additional consultation, our fee is $250 for 40 minutes. Fun! If we decide to press forward with a **Business Advisory or Tax Patrol Services** engagement, we will credit the consultation fee towards those services.

Appointments are typically held through Microsoft Teams and are scheduled on weekdays during the work day. Yes, we can easily accommodate nights and weekends, but those are reluctantly agreed to after some eye-rolling and complaining. Additionally, our schedules are more compressed during tax season (who would have thought, right?).

Shockingly we will return all appointment requests via email with 24-36 hours weather-permitting, or perhaps a phone call (if the moment strikes us). No black holes here! In a hurry, please call us at 719-387-9800 or use our chat service in the lower right corner or the button below.[/vc_column_text][/vc_column][/vc_row][vc_row][vc_column width="1/3″][vc_empty_space height="25px"][vc_btn title="Text WCG Offices" style="custom" custom_background="#a08750″ custom_text="#000000″ align="left" i_icon_fontawesome="fas fa-comments" css="" button_block="true" add_icon="true" link="url:sms%3A%2B17193452100%3F%26body%3DHey%2520WCG!%2520Please%2520call%2520me%2520to%2520discuss%2520your%2520CPA%2520services"][/vc_column][vc_column width="1/3″][vc_empty_space height="25px"][vc_btn title="Call Our Amazing Team" style="custom" custom_background="#a08750″ custom_text="#000000″ align="left" i_icon_fontawesome="fas fa-headset" css="" button_block="true" add_icon="true" link="url:tel%3A1-719-387-9800″][/vc_column][vc_column width="1/3″][vc_empty_space height="25px"][vc_btn title="Chat With A Tax Pro" style="custom" custom_background="#a08750″ custom_text="#000000″ align="left" i_icon_fontawesome="far fa-comments" css="" button_block="true" add_icon="true" link="url:%23″ el_class="nav-button-chat"][/vc_column][/vc_row]

WCG CPAs & Advisors is your tax planning expert and we will work with you to land on tax neutrality next tax season!