**How to Cut Your Taxes to 10% Or Less By Living the Corporate Lifestyle**

There are about 400 different tax deductions but CPA’s don’t pull from the entire tax code, therefore leaving lots of deductions undiscovered. If you knew how to take deductions from those 400, you’d save lots of money AND audit-proof your business.

Number one reason people fail an audit because of poor documentations and record keeping. So long as you keep good records, you never have to worry about a tax

audit.

- You MUST keep a tax diary of what you’re doing. A Tax diary is where you record what you did and what you spent every day. It’s also where you will keep all of your monthly receipts.

- Write on the back of every receipt: who, what, time and date, where, how much money was spent.

- Arrange your affairs so that the majority of your expenses are converted into legitimate business expenses: mortgage, travel, medical, entertainment, meals can be paid by using legal deductions with pre-tax dollars.

- Read the book: *Lower Your Taxes –Big Time!* By Sandy Botkin. It’s a great resource and will open your eyes to all the ways you are not living the corporate lifestyle right now, but you easily could be!

- Consider an advanced strategy called upstreaming of income: create separate entities (in a no- or low-income tax state like Nevada). You have an LLC that resides in your state, open a C corporation in a different tax year. Move income from the LLC to the C corp in that different state. Then downstream from the C corporation into LLC. Ideally have at least $100,000 in profit. (This is a complex strategy that should only be undertaken with the guidance of a trained tax professional – don’t try this at home!)

- Don’t stay a sole-proprietor, you can take a lot more deductions once you are incorporated and reduce your risk of audit.

**How to cut your taxes in half (here are 17 very common ones. Remember that there are 400):**

a. Deduct every seminar you go to. If you are a yoga teacher, deduct your yoga retreats. If you love to travel to high end spas, consider setting up a review blog so you can deduct your spa time. Just remember, you must have a profit purpose, but that doesn’t mean you actually have to be making a profit.

**1. Seminars:**

a. This includes the costs of the travel to the seminar, hotel and meals which are all tax-deductible.

**2. Home Office:**

a. Must have a totally separate space used for business (can’t be a guest room)

b. also deduct some special sections of the house

i. your nearest bathroom

ii. part of hallway, stairway

iii. storage (garage, basement)

iv. parking

v. any outside storage area vi. internet

vi. phone

vii. bathroom supply, cleaning supply

viii. equipment

ix. paintings

x. furniture,

c. Document with pictures. Draw out a floor plan, have visitors documented in a guest book.

**3. House Parties:**

a. Make sure any parties you have at your house have a business agenda. Then, you can deduct food and drinks and all of the costs of the party.

b. Take picture of attendees or document in your guest book.

**4. Tax-Free Rent:**

a. You can rent your home to your business for a maximum of 14 days out of year.

b. Hold strategy sessions with your team at your home.

c. Call a local hotel to determine price of renting a conference

room for 6-8 people. If it’s $1,000 to rent a room to have a

meeting, you can then choose to rent out your home at the same

amount. This is special non-taxable rent.

d. Example: Max. 14 days at $1,000/day: $14,000 written off as rental income from company to business owner. The homeowner does not claim rental fee as income.

**5. Home Gym Equipment:**

a. Create corporate gym, gym adds to square foot of your office and you get to deduct the cost of the gym equipment!

b. Furnish your gym through your company – yes really.

**6.** **Put Your Kids (or Grandkids) On Payroll:**a. hire your own children and you can pay them (starting at age of 7) for marketing, business training, spokesperson, website, modeling fee up to $5,700/year

b. plus you can add $5,000 into educational fund

c. result: $10,700 of tax-free money

**7.** **Auto Deduction:**a. Keep two cars, one for personal, one for professional (the one is only for business use, write off 100%) or, write two cars off at the percentage used for work.

b. Make sure to keep a mileage log on the one that is partially business and partially personal. Deduct mileage at the following rates: work $0.55, charity $0.14, church, medical, moving $0.24 at different rates.

c. **Keep in mind that the car doesn’t have to be registered to business**

**d. Audit Proof Tip**: Keep a binder with calendar: where I am going and mileage. Make the conscious decision to be a smart guardian of your business.

**8. Entertainment:**

a. Deduct the cost of season tickets, memberships (meals before and after 50% deduction) can be tax-deducted if the activity can or will be directly related to a business meeting or discussion. Invite business pals with you and your entertainment becomes tax deductible.

b. **Audit Proof Tip**: keep proof that you met with clients, potential business partners, vendors by writing on the back of your receipts.

**9. Dependent Care Plan:**

a. Create a dependent care plan for the care of your children or elderly family members. Maximum deductions $5,250 per year.

b. Elderly parents, must provide a home for dependent, pay over half the costs of maintaining a home for the dependent

**10.** **Meals and Lodging:**a. Write off meals and lodging for yourselves, your employees, spouses and dependents, as long as it is business-related

b. Also write off all expenses surrounding the business meetings (including any recreational activities, travel, lodging etc. with meals at 50%), as long as business is conducted 50% or more of the time.

**11.** **Dinner Money:**a. Working late?

b. Late work dinners at work, in your office are 100% deductible (for meals over $75 you need a receipt)

**12.** **Turn Your Hobby Into A Business:**a. You must show that it’s being turned into a business (i.e. breeding, showing animals)

b. Examples: If you love writing books, you can travel to do research.

c. **Tax Audit Tip**: you have to conduct it as a business, keep records and books, you must have a profit motive, even if you don’t make a profit (no stipulation to limit the loss to three years but you must show that it’s your intent. You must show a business plan and marketing plan to legitimize it as business.)

**13.** **Awards:**a. Qualified Awards given out to employees and team members can be deducted at up to $1,600

b. Non-qualified are deductible up to $500

**14. Annual Meeting:**

a. The IRS requires your corporation to have an annual meeting! Use a vacation spot and pay for the entire meeting (vacation) through the business

b. Where’s your next annual meeting going to be?

**15. Vacation:**

a. keep minutes, create resolutions, and other documentation, build a business plan...then relax

b. Take family, deduct all with meals @ 50%. Make sure that you keep great records!

**16.Medical (Business Owners):**

a. You can write off 100% of family’s medical expenses with no minimum or maximum. You must have a written medical reimbursement plan (discuss with CPA to make sure your plan passes scrutiny).

b. This includes premiums, deductions, co-pay, even out-of- pocket: dentist, chiropractic, hot tub, mattress (with doctor’s prescription). This is best for c-corp.

**17.** **Children’s Education:**a. Pay your kids and let them pay for their own education!

b. Now you’ve converted a non-deductible education expense into a deduction for your business. But, remember, they must actually be doing documented work for you.

Go over the 17 sections, see where you are personally paying right now, see how much it would cost over the next year and then see if it doesn’t motivate you to do something about it right now! If you need further assistance schedule an appointment at [BlackWallStreet.com](http://blackwallstreet.com/).