



5 Tax Savings Opportunities

Everyone always wants to know how they can save on taxes. It is important to note, these are ideas and need to be a good fit for you personally. The tax aspect is important but cannot be the only driver to implement these ideas. Here are 5 strategies for the practice owner to consider.



Retirement



There are several avenues to explore when it comes to retirement savings. Roth & Traditional IRA's are the most basic, then moving to a SIMPLE plan. Finally - 401Ks have the most potential for savings. Even though 401k's cost the most, they allow for the greatest creativity, flexibility and greatest returns.



Kids on Payroll



The advantage of putting your children on payroll is no federal income tax (but maybe state taxes!) There are guidelines to follow and some grey area too. We recommend not starting before age 10, paying them up to \$14,000 per year (standard deduction), and having a job description (cleaning, filing, website model). You should also fund their Roth IRA with this "earned income" to maximize wealth creation.



Augusta Rule



The IRS allows a homeowner to rent their home for less than 15 days per year. The tax law originated for homeowners in Augusta, Georgia wanting to rent their homes during the Masters Golf Tournament. Section 208(A) states the rental must be for a reasonable business purpose (meetings, work parties), be a reasonable rate, proper documentation is kept and the property is a qualifying personal residence.



Pass Through Entity Tax (PTE)



PTE is not available in all states and is being phased out Dec 31, 2025 (could change depending on election results), but it is something worth discussing with your CPA to see if you qualify. Basically, states have passed this law to bypass the SALT tax limitations. It allows an entity taxed as a partnership or S-Corporation to make a tax deductible state payment on behalf of its owners.



Cost Segregation Study (CSS)



If you have built an office building or completed a renovation, then a cost segregation study is something you should consider. A CSS allows you to separate the building and personal property for depreciation purposes. This increases the Bonus & Section 179 depreciation opportunities & is potentially very beneficial.



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