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2023 Tax Savings Plan

For Larry and Linda Lawyer



What's in the plan

- ▶ Disclaimer
- ▶ Year-over-year comparison
- ▶ Your top tax-saving strategies
- ▶ How to get your maximum tax savings
- ▶ More about your strategies

Disclaimer

All tax planning, strategies, advice and recommendations in this plan are based on the taxpayer's available tax return data, information disclosed to us, and current tax law. Tax laws can and do change frequently. Federal, state, local, payroll, property and other taxes often overlap and involve complexities that rarely yield a single best strategy. Effective tax planning is a lifelong process. It requires regular updates to review the taxpayer's goals, life changes, investments, businesses, changes in income, pre-tax opportunities, retirement planning, state and local taxation, and more.

Tax projections and recommendations include assumptions and should not be viewed as guarantees. The actual results will vary from projections. The actual tax savings will vary from the estimated tax savings. These plans and projections are only a guide, not a promise. These plans are generated using services provided by Intuit and provided without warranty of any kind, express or implied. While effort has been made to ensure accuracy, Intuit won't accept responsibility for any errors or omissions, or for any consequences arising from use of the services.

Tax planning is a team exercise. Many of the tax savings estimated in this plan are dependent upon taxpayers completing certain action items. If taxpayers fail to take necessary actions, the tax strategies may not yield the estimated benefit. Success is also dependent upon regular communication about changes in the taxpayers' circumstances to our firm, so we can evaluate the impact of changes on the taxpayer's tax plan.

In addition to the taxpayers and our firm, planning often includes financial planners, insurance agents, and attorneys. We do not assume responsibility for the advice of any additional professionals.

Third-party links provided in the report serve as a convenience and for informational purposes only, we accept no responsibility for the accuracy, legality, or content on these sites.

We have no obligation to update this tax plan.

Year -over- year

2022 actual

Total income
\$286,609

Taxable income
\$200,060

	Total taxes	Balance due
Federal	\$30,662	\$10,662

	Total taxes	Balance due
State	\$11,679	\$7,679

Strategy tax savings
\$0

2023 projection

Total income
\$250,614

Taxable income
\$144,411






	Total taxes	Refund
Federal	\$18,224	\$1,776

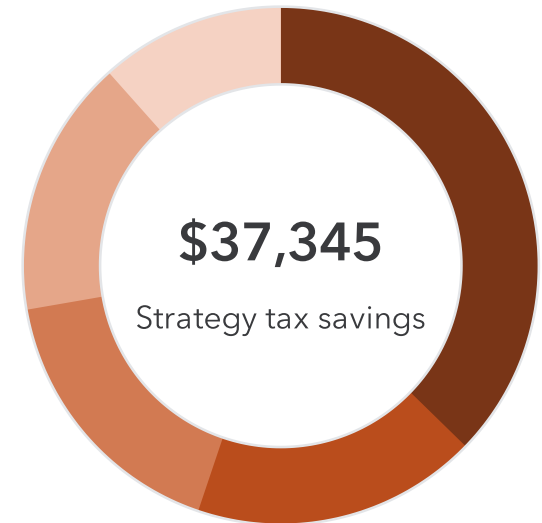
	Total taxes	Balance due
State	\$8,380	\$4,380

Strategy tax savings
\$37,345

Your top tax-saving strategies for 2023

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	S Corp compensation analysis Larry's Law Firm, LLC (T)		\$13,922
	Donor advised fund to time contributions Charitable contributions (T)		\$6,688
	S Corporation choice of entity Social Media Marketing (S)		\$6,382
	401(k) employee (EE) contributions New employer 2 (S)	➤NEW<	\$6,019
	Bonus depreciation Larry's Law Firm, LLC (T)	➤NEW<	\$4,334



How to get your maximum tax savings



Strategy	Strategy change	Net out-of-pocket	Tax savings
S Corp compensation analysis Larry's Law Firm, LLC (T)	\$0* See page 9 for details	\$0	\$13,922
Donor advised fund to time contributions Charitable contributions (T)	\$25,000	\$0	\$6,688
S Corporation choice of entity Social Media Marketing (S)	-\$84,624* See page 8 for details	\$0	\$6,382
401(k) employee (EE) contributions New employer 2 (S)	\$22,500	\$16,481	\$6,019
Bonus depreciation Larry's Law Firm, LLC (T)	\$16,200* See page 12 for details	\$15,666	\$4,334

More about your strategies

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S Corporation choice of entity

The projected S Corporation net earnings are sheltered from self-employment tax, which would be paid if self-employed. The corporate structure provides the owner limited liability protection so personal assets are shielded from claims of business creditors. The business income, tax deductions, credits, and losses are passed through to the owner, rather than taxed at the corporate level.

S-Corp can reduce your self-employment taxes

For most taxpayers, saving for retirement is the best way to lower your taxes and to build a sizable nest egg.

How to get started:

- ▶ Incorporate (or create an LLC) using a local attorney or other legal resources.
- ▶ Apply for an EIN with Form SS-4.
- ▶ File Form 2553 S Election within 75 days.

2023 Strategy tax savings

\$6,382

S Corp compensation analysis

A taxpayer that made an S Corporation election in a prior year still reaps tax savings benefits in subsequent years. It is prudent to conduct a routine review of the S Corporation qualifications and reasonable compensation of the shareholder employee.

S Corporation Compensation and Medical Insurance Issues

Shareholder-employees must be paid a reasonable compensation.

IRS Audit Issue - S Corporation Reasonable Compensation

How the IRS views reasonable compensation.

S-Corp Reasonable Salary - Tips for Minimizing IRS Audit Risk

As an S-Corp owner, determining a reasonable salary is crucial to avoiding IRS audit risk.

How to get started:

- ▶ Identify changes in the S Corporation operations that may impact the S Corporation election and reasonable compensation paid to shareholder-employees.

2023 Strategy tax savings

\$13,922

Donor advised fund to time contributions

Donor advised funds offer donors the opportunity to obtain a deduction for a contribution to a public charity without having to commit to a particular charitable recipient.

What Is a Donor-Advised Fund, and How Does It Work?

This article gives information on how a donor advised fund can help taxpayers save money on multi-year charitable year contributions.

How to get started:

- ▶ Determine if the taxpayer's financial position allows for a contribution to a donor advised fund.

2023 Strategy tax savings

\$6,688

401(k) employee (EE) contributions

Contributing to employer-sponsored plans like a 401(k) is a triple benefit, including 1) reducing taxable income by the amount of contributions, which reduces income taxes by your marginal rate, 2) the savings grow tax-free until withdrawn and 3) many plans offer employer matching contributions, which is like earning free money just by saving. Employee contributions are reported on W-2, Box 12, code D. Employee pre-tax contributions lower taxable income, and the tax savings are calculated using the applicable federal and state tax rates, unless changed.

Retirement Tips for Employees

Seven steps to prepare for an upcoming retirement.

Boost Your Retirement Savings

Saving for retirement is the best way for most people to lower their taxes and build a nest egg.

How to get started:

- ▶ Adjust 401(k) paycheck deductions through your employer to match your planned contributions.
- ▶ Review and document your plan's details like contribution limits, employer matching offers, Roth and after-tax contribution options, in-plan conversion options, and investment options.

2023 Strategy tax savings

\$6,019

Bonus depreciation

A taxpayer can elect to expense all or part of the cost of certain qualifying property by deducting it in the year it is placed in service.

A Small Business Guide to Bonus Depreciation

Bonus depreciation allows business owners to write off fixed asset purchases immediately rather than expense them over time.

Maximizing your deductions: Section 179 and bonus depreciation

Bonus Depreciation, according to the Internal Revenue Service (IRS), allows business taxpayers to deduct additional depreciation for the cost of qualifying business property, beyond normal depreciation allowances.

How to get started:

- ▶ Identify qualifying property and place it in service prior to the end of year.

2023 Strategy tax savings

\$4,334