**10 Most Expensive Tax Mistakes That Cost You Thousands**

***Are you satisfied with the taxes you pay?***

***Are you confident you're taking advantage of every available break?***

***Is your tax adviser giving you proactive advice to save on taxes?***

If you're like most business owners and professionals, you're not satisfied with the taxes you pay. You're not taking advantage of every legal deduction, credit, loophole, and strategy. And you're frustrated because your accountant isn't giving you proactive strategies and concepts to save tax.

The good news is you don't have to feel that way. You just need a better plan.

Read this report to discover tax mistakes that cost business owners and professionals thousands, year after year after year. Then call me at **323-786-7161** to learn how to fix those mistakes.

**1. Failing to Plan**

The first mistake is failing to plan. Planning is the key to beating the IRS, legally.

Proactive tax planning vs. traditional reactive tax planning, when most of the work revolves around compliance and figuring out how much business owner will pay with next estimated tax payment. There is very little creativity in this traditional approach. This is what I call “after the fact” planning; too often, that means outdated information, nasty surprises on April 15 and no feeling of control.

I don't care how good your accountant is with a stack of receipts on April 15. If you didn't know you could set up a Section 105 plan and write off your kid's braces as a business expense, there's nothing you can do on April 15. You lose that deduction forever!

**2. Wrong Expectations**

The second mistake, which keeps people from taking advantage of true tax planning, is holding the wrong expectations. Do you think tax planning means "raising red flags"? Taking advantage of "gray areas"? Being "aggressive" and hoping not to get audited? In fact, it means nothing of the sort.

True tax planning means proactively scouring your business and finances for tax-saving opportunities. Asking questions before you make financial decisions to avoid unpleasant surprises. And taking advantage of every legal deduction, credit, and loophole the law allows.

Our tax-planning strategies are all court-tested and IRS-approved. You'll find that with true tax planning on your side, you don't need to raise red flags, shade into gray areas, or be aggressive to keep more of what you earn.

**3. Wrong Entity**

Choosing the wrong entity can waste thousands in tax, year after year, for as long as you operate your business. If you're operating as a sole proprietor when you could take advantage of an S-corporation, for example, you'll pay thousands more into a Social Security system that you probably aren't counting on to finance your retirement. If you're operating as an S-corporation, you might be losing thousands in employee benefits you could deduct if you were a C-corporation. You might even do best with more than one entity, like an S-corporation to minimize employment taxes and a C-corporation to maximize employee benefits.

Complicated? Unfortunately, yes. But that's where we come in. We'll evaluate your business to see which entity makes the most sense for you now. And we'll keep evaluating your business as we work together to make sure you have the best possible structure going forward.

**4. Wrong Retirement Plan**

Choosing the right retirement plan can be just as challenging as choosing the right business entity. How much do you want to contribute for yourself? How much can you afford to contribute for your employees?

We can guide you through the retirement plan jungle to choose the best plan for your unique needs.

**5. Missing Family Employment**

Did you know that the minimum age for hiring a child in a family-owned business is just seven years old? That lets you get started saving early, and can even help you teach them good work habits.

**6. Missing Health Care Strategies**

Surveys used to show that taxes used to be small business owners' biggest concern. Now it's rising health care costs. Do you know how to use a Section 105 medical expense reimbursement plan to write off family medical bills as a business expense? Do you know how to use Health Savings Accounts to avoid the usual limits that keep most families from writing off any medical or dental expenses?

If you pay for your own health insurance, you can deduct it as an "adjustment to income" on Page 1 of Form 1040. If you itemize deductions, you can deduct unreimbursed medical and dental expenses on Schedule A, if they total more than 10% of your adjusted gross income. But most of us don't spend that much on healthcare, so we don't get full deductions for what we spend.

What if there were a way to write off medical bills as business expenses? There is, and it's called a Section 105 plan, or Medical Expense Reimbursement Plan.

If you qualify, you can write off just about any legitimate medical expense. Health insurance, long-term care coverage, Medicare, and "Medical" insurance. Co-pays, deductibles, and prescriptions. Dental, vision, and chiropractic care. Big-ticket expenses like braces for your kids' teeth, fertility treatments, and LASIK surgery. Even nonprescription medications and medical supplies, like aspirin and cold remedies.

If a Section 105 plan won't work, we can discuss Health Savings Accounts. These arrangements combine a high-deductible health plan with a tax-free savings account to cover unreimbursed costs. They give you much the same benefit as the 105 plan, without quite the flexibility.

**7. Missing Home Office Expenses**

Home office expenses are probably the most misunderstood deduction in the entire tax code. For years, taxpayers feared it raised an automatic audit flag. But Congress has relaxed the rules, so now home offices attract far less attention.

Your home office qualifies as your principal place of business if: 1) you use it "exclusively and regularly for administrative or management activities of your trade or business"; and 2) "you have no other fixed location where you conduct substantial administrative or management activities of your trade or business." This is true even if you have another office, so long as you don't use it more than occasionally for administrative or management activities.

Claiming a home office lets you deduct the "business use percentage" of your mortgage interest or rent, property taxes, utilities, repairs, insurance, garbage pickup, and security. You'll get to depreciate part of your purchase price. And claiming a home office even boosts your car and truck deductions. That's because it eliminates nondeductible commuting miles for that business.

We'll help you determine if you qualify for the home office deduction - and if so, how to make the most of it.

**8. Missing Car and Truck Expenses**

Car and truck expenses are easy to overlook. That's because most taxpayers simply take a standard mileage allowance. But that allowance is the same for all vehicles, no matter how big they are, how much they cost, or how much gas they guzzle. Do you think every car on the road costs the same amount per mile to drive?

It might surprise you to see how much it really costs to operate your car. And it's likely to be much more than the IRS standard allowance! If you're taking the standard deduction for a car that costs more to operate than that flat amount every time you drive for business.

You may be throwing away savings you could take with the "actual expense" method. We can walk you through both methods to see which saves you the most now, as well as help make the right decision when it comes to buying or leasing a new car for business.

**9. Missing Meals and Entertainment Expenses**

Let's finish up with some fun deductions for meals and entertainment. The basic rule is that you can deduct meals where you conduct a "bona fide" business discussion. This means clients or patients, prospective clients or patients, referral sources, and business or professional colleagues.

So let me ask you - when do you ever eat with someone who's not a client, prospect, referral source, or business colleague? If you're in a business like real estate, insurance, or investments, where you're constantly marketing yourself, the answer might be "never." Be sure you deduct every meal where you legitimately advance your business!

You don't even need receipts for expenses under $75. You just need to record the cost of the meal, the date of the meal, the place where it takes place, the business purpose of your discussion, and your business relationship with your guest.

Do you ever entertain at home? Ever discuss business when you do it? Are you deducting those meals, too? There's no requirement that you eat out. So don't forget to deduct home entertainment expenses too!

You can even deduct entertainment expenses - like tickets to the theatre, tickets to a ball game, or even a round of golf - if they take place directly before or a substantial, bona fide discussion directly related to the active conduct of your business. You can deduct the face value of tickets, greens fees, etc., as well as food and beverages, parking, taxes, and tips.

We'll help you make the most of your deductible meals and entertainment so you don't miss a deductible dollar!

**10. The Biggest Mistake of All**

Now that you see how business owners and professionals miss out on tax breaks, let's talk about the biggest mistake of all.

What mistake is that?

The biggest mistake of all is missing our tax planning service. Have you all heard the saying "if you fail to plan, you plan to fail"? It's a cliché because it's true. Fortunately, our planning service avoids the problem.

We offer true tax planning. We tell you what to do, when to do it, and how to do it.

Call me at **323-786-7161** for your free Tax Appraisal. We'll find the mistakes and missed opportunities that can cost you thousands - then prepare a plan for rescuing those lost dollars.

We guarantee you'll leave with new information and savings, or we'll donate $50 in your name to your favorite charity.

You have nothing to lose but opportunity. So call me at **323-786-7161** and schedule your analysis today!