

Tax strategies save self-employed marketer thousands



Snapshot:

Rick, a self-employed marketing professional who previously filed his own taxes, saved \$18261 in the first year of working with Centaur Digital Corp to develop and implement an appropriate tax strategy.



Client:

Rick's contracts last from a few months to a few years. He has a steady income stream and the flexibility to be his own boss. Rick has been filing his own taxes for years, but recently realized he was losing out on a lot of tax savings.



Problem:

Rick was unaware that his transition to self-employment increased his access to tax strategies. Thus, he continued to file his own taxes and missed out on deductions and tax strategies that would have offered significant savings..



Challenges:

Rick was unsure how to develop and implement appropriate tax strategies without unknowingly breaking the law. While there are many articles online that provide an overview of the possibilities, information can be contradictory, and confusing to implement without professional help. Previously, Rick filed his taxes on a Schedule C along with his personal taxes, filling in the revenue based on his 1099-NEC and deducting minimal work-related expenses.



Solution:

Rick decided to hire a professional, and luckily his colleague was able to provide a great referral. To optimize Rick's taxes, he and Centaur Digital implemented the following solution: Rick registered a new LLC with his state of residency, Tennessee. He filed an election with the IRS to be taxed as an S-Corp. Next, he set up his accounting in QuickBooks Online and his payroll with Gusto. Lastly, he executed on his tax plan which included the S-Corp election, home office deduction, Augusta Rule, and health insurance deduction.



Process:

1. Start an LLC

- a. Register a new entity as an LLC with Tennessee Secretary of State with the name Online Ventures LLC
- b. Get EIN: Apply online at IRS.gov and receive instant confirmation
- c. Elect to have LLC taxed as S-Corp by filing Form 2553
- d. Open new checking account for LLC
- e. Move all business transactions to LLC checking account

2. Set Up Accounting

- a. Set up QuickBooks Online (QBO)
- b. Link LLC bank account to QBO
- c. Link business credit card to QBO
- d. Add in transactions not captured in QBO
- e. Categorize all transactions
- f. Verify balances match and transactions are categorized

3. Set Up Payroll

- a. Set up Gusto payroll
- b. Register for an Unemployment Tax account with TN Department of Labor and Workforce Development
- c. Generate a Reasonable Compensation Report to determine the amount of W2 wages Online Ventures LLC must pay Rick
- d. Run first payroll

4. Tax Planning

- a. Determine all applicable tax strategies
 - i. S-Corp election
 - ii. Home office deduction
 - iii. Augusta rule
 - iv. Health Insurance Deduction
- b. Implement tax strategies and ensure compliance



Results:

Rick was able to save \$18261 in taxes in the first year alone. He will enjoy these savings annually and now knows he is paying the smallest amount of tax possible.

S-Corp:
\$10238

Home Office:
\$1445

Augusta Rule:
\$4032

Health Insurance Deduction:
\$2546

If you find yourself in a similar situation, please contact us immediately so we can help you save thousands! Free initial consultation – a \$350 value – so you have nothing to lose.

Disclosures:

- *Names changed to protect identities.
- *Numbers are averages of multiple similar clients.
- *Tax strategies depend on facts and circumstances and do not apply to all businesses.