

Strategic Tax Plan Designed Especially for Case Study #1

QUICK SUMMARY	Current Projection	Strategic Projection
Total Income	\$240,000	\$240,000
Total Adjustments	\$0	\$24,550
Adjusted Gross Income	\$240,000	\$200,450
Total Deductions	\$31,501	\$31,501
Total Federal Tax	\$44,531	\$34,855
Payments & Credits	\$4,400	\$4,400
BALANCE DUE OR (REFUND)	\$40,131	\$30,455
Effective Tax Rate	18.55%	16.18%

Disclaimer

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DETAILED COMPARISON	Current	Strategic
Data Entry		
PERSONAL		
Taxpayer Age	\$40	\$40
Spouse Age	\$40	\$40
Child Dependents	\$2	\$2
Other Dependents	\$0	\$0
Homeowner	\$1	\$1
INCOME		
W2 Income	\$180,000	\$180,000
Taxpayer W2 Wages	\$180,000	\$180,000
Spouse W2 Wages	\$0	\$0
Taxpayer 401(k) Contribution	\$0	\$0
Spouse 401(k) Contribution	\$0	\$0
Federal Withholding	\$0	\$0

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Self-Employed Income	\$60,000	\$60,000
QBI Deduction Eligible?	\$1	\$1
K-1 Income (Partnership, S-Corp, Trust)	\$0	\$0
Does Taxpayer Have an S-Corp?	\$0	\$0
Rental Income	\$0	\$0
Investment Income (Interest, Ordinary Dividends, Etc.)	\$0	\$0
Qualified Dividends and Capital Gains Distributions	\$0	\$0
Retirement Distributions	\$0	\$0
Other Income	\$0	\$0
Total Ordinary Income	\$240,000	\$240,000
Amount of Income Subject to SE Tax	\$60,000	\$30,000
Social Security	\$0	\$0
Capital Gains	\$0	\$0
Short Term Capital Gains	\$0	\$0

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Long Term Capital Gains	\$0	\$0
Self-Employment Tax	\$8,478	\$4,239
Self-Employment Tax	\$8,478	\$4,239
Deductible Portion of SE Tax	\$0	\$0
Total Long Term Capital Gains	\$0	\$0
Taxable Social Security	\$0	\$0
TOTAL INCOME	\$240,000	\$240,000
ADJUSTMENTS		
HSA Contribution	\$0	\$9,550
Taxpayer Traditional IRA Contribution	\$0	\$0
Spouse Traditional IRA Contribution	\$0	\$0
SEP or Solo 401k Contribution	\$0	\$0
Deductible Portion of SE Tax	\$0	\$0
Other Adjustments to Income (Sch.1, Pt.2, etc.)	\$0	\$0

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Total Adjustments	\$0	\$24,550
ADJUSTED GROSS INCOME	\$240,000	\$215,450
DEDUCTIONS		
Itemized Deductions	\$0	\$0
OR	\$0	\$0
QBI Deduction	\$1	\$1
Standard Deduction - If Applicable	\$31,500	\$31,500
Total Deductions	\$31,501	\$31,501
TAXABLE INCOME CALCULATIONS		
Ordinary Income After Deductions	\$208,500	\$183,950
Taxable Social Security After Deductions	\$0	\$0
Capital Gains After Deductions	\$0	\$0
Taxable Income After Deductions	\$208,500	\$183,950
Ordinary Income Tax Liability	\$35,734	\$30,297

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Capital Gains Tax Liability	\$0	\$0
Self-Employment Tax	\$8,478	\$4,239
Additional Medicare Tax (0.9%)	\$319	\$319
Net Investment Income Tax (3.8%)	\$0	\$0
TOTAL FEDERAL TAX	\$44,531	\$34,855
CREDITS, PAYMENTS, & FINAL TAX OUTCOME		
Child & Other Tax Credit	\$4,400	\$4,400
Nonrefundable Credits	\$0	\$0
TOTAL TAX LIABILITY	\$44,531	\$34,855
All Estimated Payments	\$0	\$0
W2 Withholding	\$0	\$0
Effective Tax Rate	\$19	\$17
Total Credits	\$4,400	\$4,400
Refundable Credits	\$0	\$0

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Strategies Applied

S-Corp Election \$30,000

HSA \$9,550

SEP IRA Contribution \$15,000

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