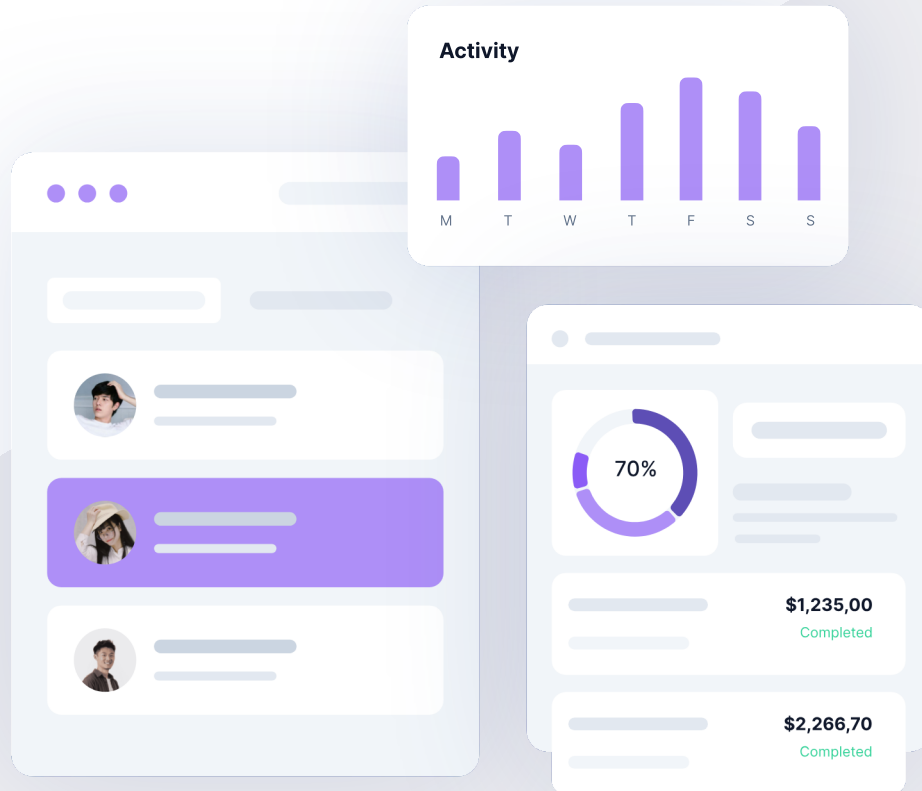




SENTINEL
WEALTH & TAX

12/29/2025



Tax Planning Summary

Prepared For:

Sam Sample
2986 Highland Rd Kansas City, MO 64030

Prepared By:

Christopher Ragain
Sentinel Wealth & Tax
3301 Bonita Beach Rd Suite 312 Bonita Springs, FL 34134

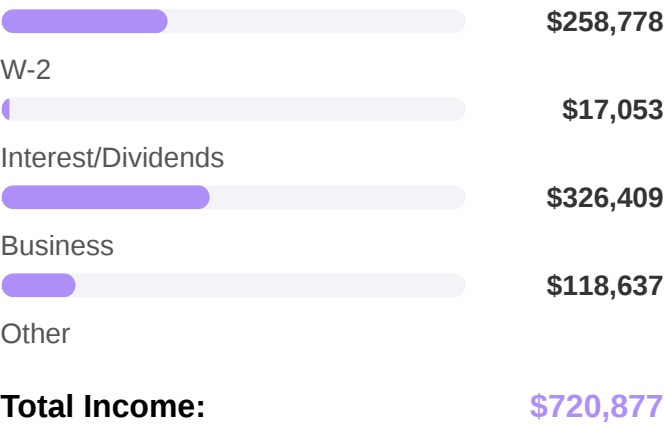
Current Tax Stats

Filing Status:	Married (Joint)	Federal Tax:	\$143,554
Total Income:	\$720,877	Missouri Tax:	\$30,498
Adjusted Gross Income:	\$705,494	Other Tax:	\$5,507
Deductions:	\$94,941	QBI Deduction:	\$61,441
Taxable Income:	\$610,553	Total Business Income:	\$306,532
		Federal	Missouri
Estimated Tax Payments:		\$77,000	\$5,200
Withholding Payments:		\$43,682	\$20,599
Tax Due:		\$22,872	\$4,619
Tax Refund:		\$0	\$0
Marginal Tax Rate:		35.00%	4.70%
Average Tax Rate:		23.51%	4.71%

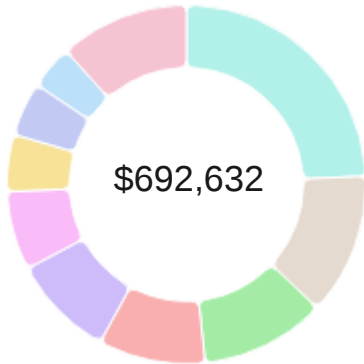
Total Tax Due



Personal Income By Source



Business Expenses By Destination



Salaries and Wages	\$168,003	Insurance	\$49,320
Compensation of Officers	\$88,576	Supplies	\$35,502
Taxes and Licenses	\$78,180	Rents	\$33,685
Contract Labor	\$66,815	Dues and Subscriptions	\$27,480
Pension and Profit Sharing	\$64,250	Other Expenses	\$80,821

Rental Real Estate Summary

Rental Homes, Rental Office Space, etc.

Business Name	Gross Rents	Net Income
4256 Marathon Ave	\$24,000	\$1,597

Business Income Summary

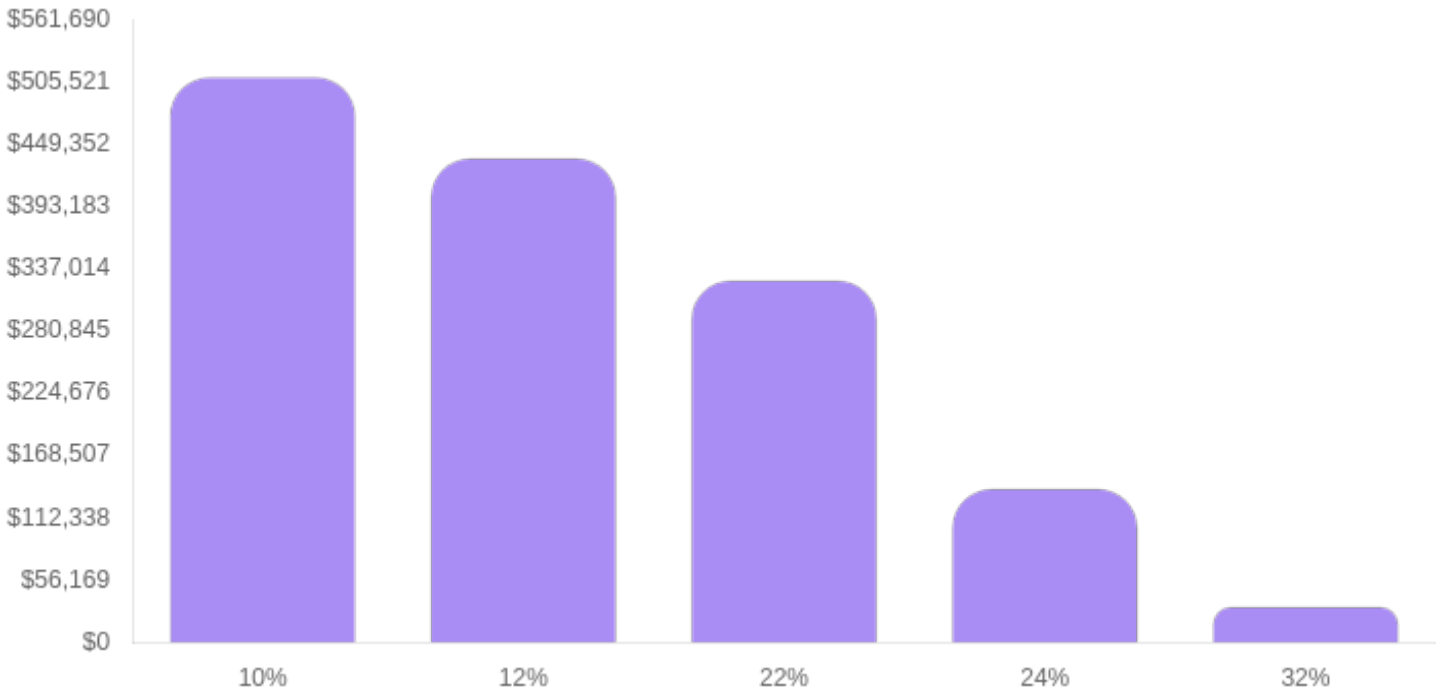
S-corps, Partnerships, C-corps, and Sole Proprietorships

Business Name	Company Type	Gross Revenue	Net Income	Ownership
East River Farm Supply Inc	S Corporation	\$949,046	\$306,532	100%
Sabrina's Pottery Pros	Sole Proprietorship	\$65,598	\$15,480	100%

Tax Brackets

The next lower tax bracket is 32%.

You need to lower your taxable income by \$33,423 to reach the next lower tax bracket



Phaseouts & Limits

Child Credit

\$400,000 - \$440,000

Disallowed

Student Loan Interest

\$170,000 - \$200,000

Disallowed

Roth IRA Contribution

\$236,000 - \$246,000

Disallowed

Other Dependent Credit

\$400,000 - \$440,000

Disallowed

Retirement Savings Contribution Limit

\$0 - \$76,500

Disallowed

Clean Vehicle Credit

\$0 - \$300,000

Disallowed

**American Opportunity Tax and
Lifetime Learning Credit**

\$160,000 - \$180,000

Disallowed

Traditional IRA Deduction

\$126,000 - \$146,000

Disallowed

Lifetime Learning Credit

\$160,000 - \$180,000

Disallowed

Scheduled - Capital Gains/Losses

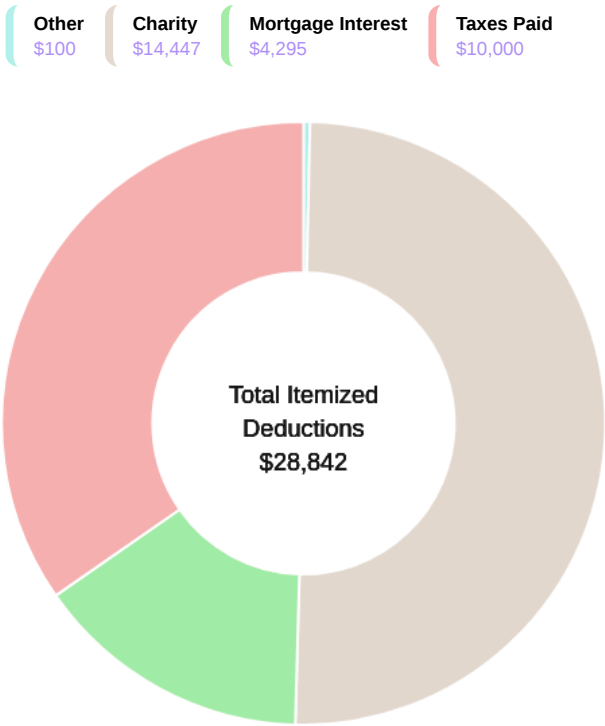
The tax return listed the following sources of capital gains/losses.

SHORT TERM	
Description	Amount
Short Term Loss Carryover from 2024	(\$2,680)
Short Term Gain/Loss from 2025	\$36,764
Total Short Term Gain/Loss from 2025	\$34,084

LONG TERM	
Description	Amount
Long Term Loss Carryover from 2024	(\$8,921)
Long Term Gain/Loss from 2025	\$75,644
Total Long Term Gain/Loss from 2025	\$66,723

Total Gain/Loss from 2025	\$100,807
---------------------------	-----------

Itemized Deductions Breakdown



Income

Description	Amount
Projected Revenue	\$1,014,644
Projected Expense	\$692,632
Business Income	\$322,012
Wages	\$258,778
Portfolio Income	\$100,807
Rental Income	\$1,597
Other Income	\$37,683
Personal Income	\$398,865

Deductions & Credits

Description	Amount
Adjustments	\$15,383
Pass Through Deduction	\$61,441
Itemized Deduction	\$33,500
Total Deductions	\$110,324
Taxable Income	\$610,553

Taxes & Payments

Description	Federal	State
Income And Additional Tax	\$143,604	\$30,498
Credits	\$50	\$80
Withholding And Es Payments	\$120,682	\$25,799
Tax Due	\$22,872	\$4,619

Information	Value
Filing Status	Married (Joint)
Marginal Tax Rate	35%
Next Lower Bracket	\$501,050
Effective Tax Rate	23.51%
Distance To Bracket	\$33,423
Dependents	3

Income

Description	Amount
Wages	\$258,778
Interest	\$5,197
Dividends	\$11,856
Capital Gains	\$100,807
Rental Income	\$1,597
Other Income	\$20,630
East River Farm Supply Inc	\$306,532
Sabrina's Pottery Pros	\$15,480
Total Income	\$720,877

Adjustments

Description	Amount
Health Saving Account	\$7,500
Deductible SE Tax	\$208
SEP Simple Qual Plans	\$0
Self Employed Health Insurance	\$7,625
IRA Deduction	\$0
Other Adjustments	\$50
Total Adjustments	\$15,383
Adjusted Gross Income	\$705,494

Deductions

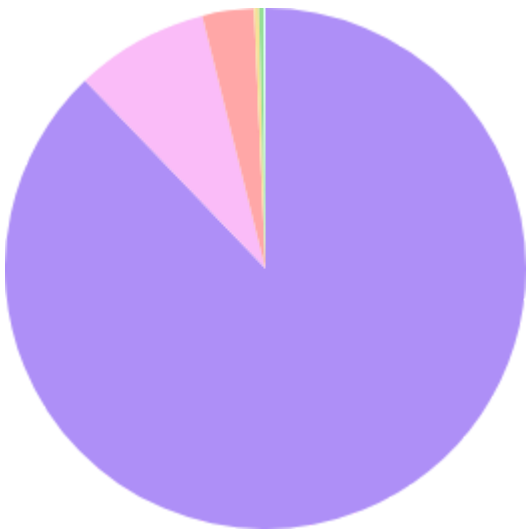
Description	Amount
Medical Related	\$0
Taxes	\$10,000
Mortgage Interest	\$4,295
Charity	\$14,447
Other Itemized Deductions	\$100
Standard Or Itemized Deduction	\$33,500
Pass Through Deduction	\$61,441
Total Deductions	\$94,941
Taxable Income	\$610,553

Taxes & Payments

Description	Federal	State
Tax	\$138,097	\$30,498
Alternative Min Tax	\$0	\$0
Self Employment Tax	\$415	\$0
Other Taxes	\$5,092	\$0
Total Taxes	\$143,604	\$30,498
Credits	\$50	\$80
Withholding	\$43,682	\$20,599
Estimated Tax Payments	\$77,000	\$5,200
Other Payments	\$0	\$0
Total Payments And Credits	\$120,732	\$25,879

Description	Amount
TAX DUE	\$22,872
STATE TAX DUE	\$4,619

Tax Breakdown

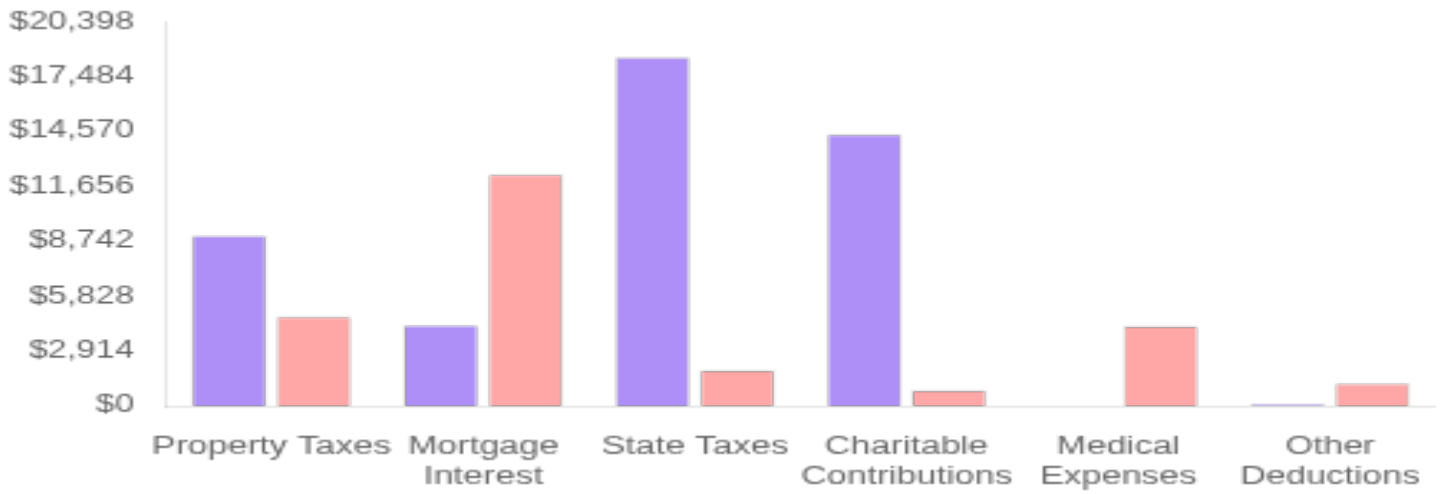


- Tax on Ordinary Income
\$126,160 | 87.9%
- Tax on Long Term Gains & Qualified Dividends
\$11,937 | 8.3%
- Net Investment Income Tax
\$4,539 | 3.2%
- Self-Employment Tax
\$415 | 0.3%
- Additional Medicare Tax
\$365 | 0.3%
- Other Tax
\$188 | 0.1%

Marginal Tax Bracket: Ordinary Income

Marginal Rate	Ordinary Income Threshold	Ordinary Income	Tax
10%	\$0 to \$23,850	\$23,850	\$2,385
12%	\$23,850 to \$96,950	\$73,100	\$8,772
22%	\$96,950 to \$206,700	\$109,750	\$24,145
24%	\$206,700 to \$394,600	\$187,900	\$45,096
32%	\$394,600 to \$501,050	\$106,450	\$34,064
35%	\$501,050 to \$751,600	\$33,423	\$11,698
37%	\$751,600 and above	\$0	\$0
Total		\$534,473	\$126,160

Itemized Deductions vs National Averages (based on income)



Modified Adjusted Gross Income (MAGI): Planning Considerations

Certain deductions and tax incentives phase out as income reaches certain levels. The definition of "income" for these phase outs can be different. The term "Modified Adjusted Gross Income (MAGI)" is generally used, but there are several definitions of MAGI that are slightly different from each other.

AGI	\$705,494	
Child Credit	\$400,000 - \$440,000	Over
Student Loan Interest	\$170,000 - \$200,000	Over
Roth IRA Contribution	\$236,000 - \$246,000	Over
Other Dependent Credit	\$400,000 - \$440,000	Over
Retirement Savings Contribution Limit	\$0 - \$76,500	Over
Clean Vehicle Credit	\$0 - \$300,000	Over
American Opportunity Tax and Lifetime Learning Credit	\$160,000 - \$180,000	Over
Traditional IRA Deduction	\$126,000 - \$146,000	Over

Lifetime Learning Credit	\$160,000 - \$180,000	Over
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Form 1040

Department of the Treasury—Internal Revenue Service

U.S. Individual Income Tax Return

2025

OMB No.
1545-0074

IRS Use Only—Do not
write or staple in this
space.

Income

Attach Form(s)
W-2 here. Also
attach Forms
W-2G and 1099-
R if tax was
withheld.

If you did not
get a Form
W-2, see
instructions.

Attach Sch. B
if required.

**Standard
Deduction for—**
•Single or Married
filing separately,
\$14,600
•Married filing
jointly or
Qualifying
surviving spouse,
\$29,200
•If you checked
any box under
Standard
Deduction, see
instructions

1a	Total amount from Form(s) W-2, box 1 (see instructions)	1a	258,778
b	Household employee wages not reported on Form(s) W-2	1b	-
c	Tip income not reported on line 1a (see instructions)	1c	-
d	Medicaid waiver payments not reported on Form(s) W-2 (see instructions)	1d	-
e	Taxable dependent care benefits from Form 2441, line 26	1e	-
f	Employer-provided adoption benefits from Form 8839, line 29	1f	-
g	Wages from Form 8919, line 6	1g	-
h	Other earned income (see instructions)	1h	-
i	Nontaxable combat pay election (see instructions)	1i	-
z	Add lines 1a through 1h	1z	258,778
2a	Tax-exempt interest	2a	4,529
3a	Qualified dividends	3a	9,357
4a	IRA distributions	4a	1,000
5a	Pensions and annuities	5a	-
6a	Social security benefits	6a	19,800
b	Taxable interest	2b	5,197
c	Ordinary dividends	3b	11,856
b	Taxable amount	4b	1,000
b	Taxable amount	5b	-
b	Taxable amount	6b	16,830
c	If you elect to use the lump-sum election method, check here (see instructions)		
7	Capital gain or (loss). Attach Schedule D if required. If not required, check here	7	100,807
8	Additional income from Schedule 1, line 10	8	326,409
9	Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income	9	720,877
10	Adjustments to income from Schedule 1, line 26	10	15,383
11	Subtract line 10 from line 9. This is your adjusted gross income	11	705,494
12	Standard deduction or itemized deductions (from Schedule A)	12	33,500
13	Qualified business income deduction from Form 8995 or Form 8995-A	13	61,441
14	Add lines 12 and 13	14	94,941
15	Subtract line 14 from line 11. If zero or less, enter -0-. This is your taxable income	15	610,553

Tax and credits

16	Tax (see instructions). Check if any from Form(s): Tax 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/> -	16	138,097
17	Amount from Schedule 2, line 3.	17	5,507
18	Add lines 16 and 17.	18	143,604
19	Child tax credit or credit for other dependents from Schedule 8812.	19	0
20	Amount from Schedule 3, line 8.	20	50
21	Add lines 19 and 20.	21	50
22	Subtract line 21 from line 18. If zero or less, enter -0-.	22	143,554
23	Other taxes, including self-employment tax, from Schedule 2, line 21.	23	-
24	Add lines 22 and 23. This is your total tax .	24	143,554

Payments

If you have a
qualifying child,
attach Sch. EIC.

25	Federal income tax withheld from:	25a	43,682
a	Form(s) W-2	25b	-
b	Form(s) 1099	25c	-
c	Other forms (see instructions)		
d	Add lines 25a through 25c	25d	43,682
26	2024 estimated tax payments and amount applied from 2025 return	26	77,000
27	Earned income credit (EIC)	27	-
28	Additional child tax credit from Schedule 8812	28	-
29	American opportunity credit from Form 8863, line 8	29	-
30	Reserved for future use	30	-
31	Amount from Schedule 3, line 15	31	-
32	Add lines 27, 28, 29, and 31. These are your		
32	total other payments and refundable credits .	32	-
33	Add lines 25d, 26, and 32. These are your total payments	33	120,682

Refund

34	If line 33 is more than line 24, subtract line 24 from line 33 This is the amount you overpaid	34	0
35a	Amount of line 34 you want refunded to you	35a	0
	If Form 8888 is attached, check here <input type="checkbox"/>		
b	Routing number <input type="text"/>		
c Type:	<input type="checkbox"/> Checking <input type="checkbox"/> Savings		
d	Account number <input type="text"/>		
36	Amount of line 34 you want, applied to your 2025 estimated tax	36	-
37	Subtract line 33 from line 24. This is the amount you owe For details on how to pay, go to www.irs.gov/Payments or see instructions	37	22,872
38	Estimated tax penalty (see instructions)	38	-

**Amount
You Owe**

Form **1040** (2025)

	Base Projection (2025)	401k Contribution (2025)	401k & Defined Benefit Plan (2025)	401k & Capital Loss Harvesting (2025)
General Information	Married Joint	Married Joint	Married Joint	Married Joint
Year of Calculation	2025	2025	2025	2025
Title Name	Base Projection	401k Contribution	401k & Defined Benefit Plan	401k & Capital Loss Harvesting
Filing Status	Married Joint	Married Joint	Married Joint	Married Joint
Resident State	Missouri	Missouri	Missouri	Missouri
Dependents Age 0–6	0	0	0	0
Dependents Age 6–17	3	3	3	3
Dependents 17+	0	0	0	0
Taxpayer Name	Sam Sample	Sam Sample	Sam Sample	Sam Sample
Taxpayer Age	37	37	37	37
Spouse Name	Sabrina Sample	Sabrina Sample	Sabrina Sample	Sabrina Sample
Spouse Age	35	35	35	35
Wages	\$276,234	\$276,234	\$276,234	\$276,234
Employer Name	Dunder Mifflin	Dunder Mifflin	Dunder Mifflin	Dunder Mifflin
Taxpayer or Spouse	Sabrina Sample	Sabrina Sample	Sabrina Sample	Sabrina Sample
Business Owned by Taxpayer/Spouse?	No	No	No	No
Covered by retirement plan at work	No	No	No	No

Wages	\$187,658	\$187,658	\$187,658	\$187,658
Date As Of	12-31-2025	12-31-2025	12-31-2025	12-31-2025
Eligible Overtime Pay	\$0	\$0	\$0	\$0
Eligible Tips Pay	\$0	\$0	\$0	\$0
Federal W/H	\$26,819	\$26,819	\$26,819	\$26,819
State W/H	\$11,951	\$11,951	\$11,951	\$11,951
401k Contributions	\$17,456	\$17,456	\$17,456	\$17,456
Dependent Care Benefits	\$0	\$0	\$0	\$0
Employer Name	East River Farm Supply Inc	East River Farm Supply Inc	East River Farm Supply Inc	East River Farm Supply Inc
Taxpayer or Spouse	Sam Sample	Sam Sample	Sam Sample	Sam Sample
Business Owned by Taxpayer/Spouse?	No	No	No	No
Covered by retirement plan at work	No	No	No	No
Wages	\$88,576	\$88,576	\$88,576	\$88,576
Date As Of	12-31-2025	12-31-2025	12-31-2025	12-31-2025
Eligible Overtime Pay	\$0	\$0	\$0	\$0
Eligible Tips Pay	\$0	\$0	\$0	\$0
Federal W/H	\$16,863	\$16,863	\$16,863	\$16,863
State W/H	\$8,648	\$8,648	\$8,648	\$8,648
401k Contributions	\$0	\$23,500	\$23,500	\$23,500
Dependent Care Benefits	\$0	\$0	\$0	\$0
Employer Name				
East River Farm Supply Inc			Page 20 of 68	

Taxpayer or Spouse

 Business Owned by
 Taxpayer/Spouse?

 Covered by retirement plan at
 work

Wages

Date As Of

Eligible Overtime Pay

Eligible Tips Pay

Federal W/H

State W/H

401k Contributions

Dependent Care Benefits

Income	\$155,346	\$155,346	\$155,346	\$115,346
Social Security(Gross Benefit)	\$19,800	\$19,800	\$19,800	\$19,800
Interest Income	\$5,197	\$5,197	\$5,197	\$5,197
Ordinary Dividends	\$11,856	\$11,856	\$11,856	\$11,856
IRA Distribution Income	\$1,000	\$1,000	\$1,000	\$1,000
Qualified Dividends	\$9,357	\$9,357	\$9,357	\$9,357
Short Term Capital Gains	\$36,764	\$36,764	\$36,764	\$36,764
Long Term Cap Gains	\$75,644	\$75,644	\$75,644	\$35,644
Short Term Carry Forward	(\$2,680)	(\$2,680)	(\$2,680)	(\$2,680)
Long Term Carry Forward	(\$8,921)	(\$8,921)	(\$8,921)	(\$8,921)
State Tax Refund	\$2,800	\$2,800	\$2,800	\$2,800
199A Dividends	\$0	\$0	\$0	\$0
Non-Taxable State Bond Interest	\$4,529	\$4,529	\$4,529	\$4,529

Investment (passive) K-1P Income	\$0	\$0	\$0	\$0
Other Income	\$0	\$0	\$0	\$0
Rental Real Estate	\$1,597	\$1,597	\$1,597	\$1,597
Rental Real Estate Professional (Yes/No)	No			
Real Estate Name	4256 Marathon Ave	4256 Marathon Ave	4256 Marathon Ave	4256 Marathon Ave
Income	\$24,000	\$24,000	\$24,000	\$24,000
Advertising	\$50	\$50	\$50	\$50
Auto Expenses	\$1,265	\$1,265	\$1,265	\$1,265
Cleaning	\$800	\$800	\$800	\$800
Commissions	\$200	\$200	\$200	\$200
Depreciation	\$3,600	\$3,600	\$3,600	\$3,600
Insurance	\$4,278	\$4,278	\$4,278	\$4,278
Legal Expenses	\$500	\$500	\$500	\$500
Management Fees	\$750	\$750	\$750	\$750
Mortgage Interest	\$6,932	\$6,932	\$6,932	\$6,932
Repairs	\$1,250	\$1,250	\$1,250	\$1,250
Supplies	\$120	\$120	\$120	\$120
Taxes	\$0	\$0	\$0	\$0
Utilities	\$2,658	\$2,658	\$2,658	\$2,658
Other	\$0	\$0	\$0	\$0
Real Estate Name				
Income				
Advertising				
Auto Expenses				

Management Fees				
Mortgage Interest				
Repairs				
Supplies				
Taxes				
Utilities				
Other				
Businesses	\$322,012	\$322,012	\$266,012	\$322,012
Business Name	East River Farm Supply Inc	East River Farm Supply Inc	East River Farm Supply Inc	East River Farm Supply Inc
State	Missouri	Missouri	Missouri	Missouri
Ownership %	100%	100%	100%	100%
Owner	Sam Sample	Sam Sample	Sam Sample	Sam Sample
Business Type	S Corporation	S Corporation	S Corporation	S Corporation
Payroll	\$267,122	\$267,122	\$267,122	\$267,122
Fixed Assets	\$89,540	\$89,540	\$89,540	\$89,540
Specified Service Business	No	No	No	No
Profit Distribution %	N/A	N/A	N/A	N/A
Rental Real Estate Business	No	No	No	No
Net Income	\$306,532	\$306,532	\$250,532	\$306,532
Business Name	Sabrina's Pottery Pros	Sabrina's Pottery Pros	Sabrina's Pottery Pros	Sabrina's Pottery Pros

State	Missouri	Missouri	Missouri	Missouri
Ownership %	100%	100%	100%	100%
Owner	Sabrina Sample			Sabrina Sample
Business Type	Sole Proprietorship	Sole Proprietorship	Sole Proprietorship	Sole Proprietorship
Payroll	\$0	\$0	\$0	\$0
Fixed Assets	\$5,367	\$5,367	\$5,367	\$5,367
Specified Service Business	No	No	No	No
Profit Distribution %	N/A	N/A	N/A	N/A
Rental Real Estate Business	No	No	No	No
Net Income	\$15,480	\$15,480	\$15,480	\$15,480

Business Name

State

Ownership %

Owner

Business Type

Payroll

Fixed Assets

Specified Service Business

Profit Distribution %

Rental Real Estate Business

Ownership %

Owner

Business Type

Payroll

Fixed Assets

Specified Service Business

Profit Distribution %

Rental Real Estate Business

Net Income

Business Name

State

Ownership %

Owner

Business Type

Payroll

Fixed Assets

Specified Service Business

Profit Distribution %

Rental Real Estate Business

Net Income

Adjustments

\$16,532

\$16,532

\$16,532

\$16,532

Self-Employed Health Insurance	\$7,625	\$7,625	\$7,625	\$7,625
SEP IRA Contribution	\$0	\$0	\$0	\$0
Health Savings Account	\$7,500	\$7,500	\$7,500	\$7,500
Qualified Auto Loan Interest	\$1,357	\$1,357	\$1,357	\$1,357
Taxpayer Traditional IRA Contribution	\$0	\$0	\$0	\$0
Spouse Traditional IRA Contribution	\$0	\$0	\$0	\$0
Other Deductions	\$50	\$50	\$50	\$50
Deductions	\$52,828	\$52,828	\$52,828	\$52,828
Mortgage Interest	\$4,295	\$4,295	\$4,295	\$4,295
State Income or Sales Tax	\$17,563	\$17,563	\$17,563	\$17,563
Local/City Income Taxes	\$980	\$980	\$980	\$980
Property Taxes	\$8,562	\$8,562	\$8,562	\$8,562
Personal Property Taxes	\$500	\$500	\$500	\$500
Home Loan Points	\$0	\$0	\$0	\$0
Medical and Dental Costs	\$6,381	\$6,381	\$6,381	\$6,381
Cash Donations	\$12,557	\$12,557	\$12,557	\$12,557
Non Cash Donations	\$1,890	\$1,890	\$1,890	\$1,890
Other Deductions	\$100	\$100	\$100	\$100
Taxes	\$238	\$238	\$238	\$238
Other Taxes	\$188	\$188	\$188	\$188
Tax Credits	\$50	\$50	\$50	\$50
Payments & Credits	\$82,200	\$82,200	\$82,200	\$82,200
Federal Q1 Estimated Tax Payment	\$19,250	\$19,250	\$19,250	\$19,250
State Q1 Estimated Tax Payment	\$1,300	\$1,300	\$1,300	\$1,300
Federal Q2 Estimated Tax	\$19,250	\$19,250	\$19,250	\$19,250

Payment				
State Q2 Estimated Tax Payment	\$1,300	\$1,300	\$1,300	\$1,300
Federal Q3 Estimated Tax Payment	\$19,250	\$19,250	\$19,250	\$19,250
State Q3 Estimated Tax Payment	\$1,300	\$1,300	\$1,300	\$1,300
Federal Q4 Estimated Tax Payment	\$19,250	\$19,250	\$19,250	\$19,250
State Q4 Estimated Tax Payment	\$1,300	\$1,300	\$1,300	\$1,300
State Inputs	Missouri	Missouri	Missouri	Missouri
Other Missouri Income Deduction	\$1,500	\$0	\$0	\$0
Other Missouri Taxes	\$265	\$0	\$0	\$0
Other Missouri Tax Credits	\$80	\$0	\$0	\$0
Tax Exempt Interest From Non Mo State	\$3,658	\$0	\$0	\$0
Other Missouri Additions To Income	\$1,596	\$0	\$0	\$0

Interest On Us Government Bonds	\$2,965	\$0	\$0	\$0
Contributions Made To 529 Plan	\$6,000	\$0	\$0	\$0
Other Missouri Subtractions From Income	\$398	\$0	\$0	\$0

	Base Projection (2025)	401k Contribution (2025)	401k & Defined Benefit Plan (2025)	401k & Capital Loss Harvesting (2025)
Calculated Tax	\$22,872	\$14,122	\$0	\$6,602
Taxable Income	\$610,553	\$587,053	\$542,253	\$547,053
Total Federal Tax	\$143,554	\$134,804	\$120,170	\$127,284
Total State Tax	\$30,498	\$29,392	\$26,760	\$27,512
Income Tax	\$126,160	\$117,935	\$103,301	\$117,935
Capital Gain Tax	\$11,937	\$11,412	\$11,412	\$5,412
Self Employment Tax	\$415	\$415	\$415	\$415
Additional Medicare Tax	\$365	\$365	\$365	\$365
Net Investment Income Tax	\$4,539	\$4,539	\$4,539	\$3,019
Alternative Minimum Tax	\$0	\$0	\$0	\$0
Other Taxes	\$188	\$188	\$188	\$188
Federal Tax Credits	\$50	\$50	\$50	\$50
State Tax Credits	\$80	\$0	\$0	\$0
Federal Payments	\$120,682	\$120,682	\$120,682	\$120,682
State Payments	\$25,799	\$25,799	\$25,799	\$25,799
Federal Tax Due/(Refund)	\$22,872 / \$0	\$14,122 / \$0	\$0 / (\$512)	\$6,602 / \$0
State Tax Due/(Refund)	\$4,619 / \$0	\$3,593 / \$0	\$961 / \$0	\$1,713 / \$0

Recommended Strategies

Strategy Name	Category	2025 Tax Data	Recommended	Projected Savings
14 Day Home Rental	Business	\$3,000	\$10,000	\$2,569
401K Plan - Spouse	Personal	\$17,456	\$23,500	\$2,701
401K Plan - Taxpayer	Personal	\$0	\$23,500	\$9,855
Accountable Plans	Business	\$600	\$6,500	\$2,165
Charitable Contributions	Personal	\$14,447	\$35,275	\$7,825
Defined Benefit Plans	Business	\$0	\$56,000	\$18,496
Employing Children	Business	\$0	\$15,000	\$5,430
Expense Acceleration	Business	\$0	\$4,009	\$1,471
Health Savings Accounts	Personal	\$7,500	\$8,550	\$468
Income Deferment	Business	\$0	\$5,248	\$1,926
Mega Backdoor Roth (After-Tax 401(K) To Roth)	Personal	\$5,000	\$23,500	\$0
S-Corp Health Insurance For 2%+ Shareholders	Business	\$7,625	\$10,300	\$982
Simple IRA	Business	\$0	\$15,000	\$5,430
Totals			\$236,382	\$59,318

14 Day Home Rental

Under the 14 day Home Rental Rule, Which is part of Section 280A of the internal Revenue Code, US homeowners can rent out their property tax-free for up to 14 days per year.

[See Tax code § 280A \(g\)](#)

Who Can Use the 14 Day Home Rental?



You must own the property you intend to rent



The rental property must be located in the United States



It must be your primary, vacation, or any other personal residence



The total number of days you rent your property must not exceed 14 per calendar year

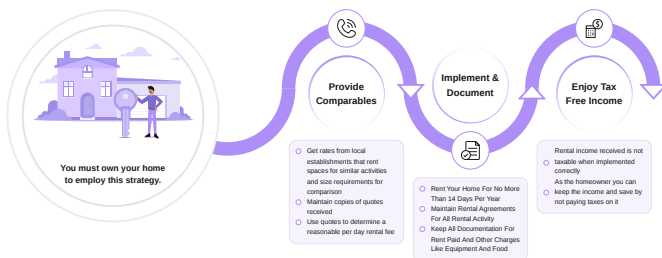


You must charge a fair market rental price at the time of rental

This strategy is also called "The Augusta Rule"

The Augusta Rule appeared thanks to community advocacy. In the 1970's, residents of Augusta, Georgia, lobbied for legislation allowing tax-free rental of their homes to Masters Golf Tournament guests. What started as a local tax relief, is now allowed nationwide.

How it Works



Tax Planner Pro Rankings: 14 Day Home Rental

Strategy Overall Benefit

Small Benefit Large Benefit

Difficulty Rating

Easy Setup Difficult Setup

Audit Risk

Audit Unlikely Audit Possible

Aggressiveness Rating

Low Very High

Implementation Deadline

December 31st of the current tax year

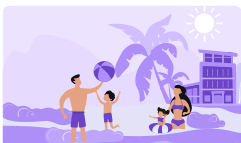
Any Homeowner Can Employ This Strategy



Jim owns a home near a local beach and wants to rent it out for a week while he's out of town



Jim calls to gather quotes from local hospitality businesses in his area who offer similar accommodations

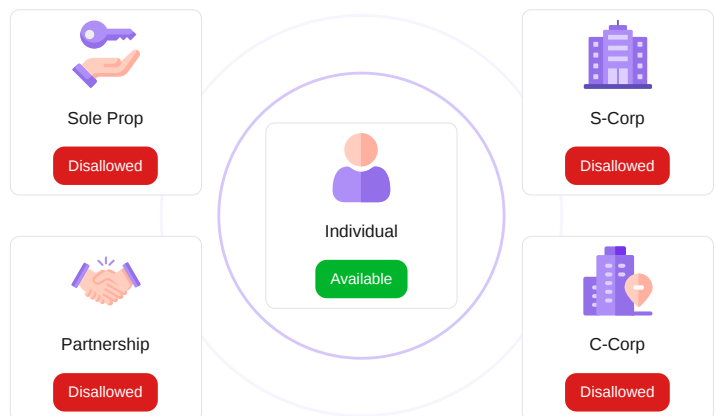


Tom rents the home for his family for the week at Jim's researched per day rental rate



Jim gets to enjoy tax free income from the rental!

Entity Availability: 14 Day Home Rental



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401 (K) Plan

A 401(K) plan is an employer sponsored retirement account that allows employees to contribute portions of their wages to a retirement plan and receive tax benefits.

See Tax Code 26 U.S. Code § 401(K) - Qualified pension, profit-sharing, and stock bonus plans

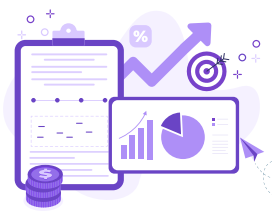
Top 6 Benefits Of A 401(K) Plan

 Tax Advantages <p>Contributions to a 401(k) are taken directly out of your paycheck before federal income taxes are withheld. Because the contributions are pre-tax, it lowers your total taxable income which means you might owe less in income taxes</p>	 You Are In Control <p>You can contribute as much or as little as you want to your account (subject to plan and IRS limits). Plus, you have the flexibility to change your contribution levels at any time (subject to plan limits) dependent on your situation.</p>
 Time Is On Your Side <p>The earlier you start investing, the more time your money has to grow. Compounding can have a big impact on long-term investment and should be considered a powerful ally when it comes to saving for retirement.</p>	 You Can Take It With you <p>Even if you change jobs, the money you've contributed to your 401(k) and its earnings belong to you.</p>
 Easy Payroll Deductions <p>Early contributions and contributing consistently is essential to preparing for retirement, even if it feels lightyears away. With a 401(k), you can make automatic contributions directly from your paycheck.</p>	 Save More Than Other Plans <p>If you are going to put more than \$10K a year into a retirement account, 401(K) is usually the best option. If you are over 50, you can make catch up contributions</p>

401(K) Plans Vs. Pension Plans

401(K)	PENSION
<ul style="list-style-type: none"> Contributions are up to the Employee and employer 	<ul style="list-style-type: none"> Contributions are decided by the employer
<ul style="list-style-type: none"> The employee controls the investments 	<ul style="list-style-type: none"> The employer controls the investments
<ul style="list-style-type: none"> Contributions still belong to the employee after leaving a job 	<ul style="list-style-type: none"> Pension benefits are based on salary and tenure
<ul style="list-style-type: none"> If a company fails, an employee's 401(k) money is safe 	<ul style="list-style-type: none"> If a company fails, employees may not get full benefits

How To Setup A 401 (K)



You can set up a 401K through your CPA, bank, mutual fund provider or Insurance company.

There are 4 steps for setting up a 401(K) plan

- Adopt a written plan document
- Arrange a trust for the plans assets
- Develop a record keeping system
- Provide plan information to employees eligible to participate

Types Of 401 (K) Plans

Traditional 401(K) <ul style="list-style-type: none"> A cash or deferred arrangement that allows employees to contribute a portion of their salary before taxes You can withdraw money any time after age 59½ <ul style="list-style-type: none"> Withdrawals are subject to income tax 	Solo 401(K) <ul style="list-style-type: none"> Also known as an individual 401(k), this plan is for small business owners without employees, or for business owners with a spouse <ul style="list-style-type: none"> You can withdraw money any time after age 59½ Withdrawals are subject to income tax 	Roth 401(K) <ul style="list-style-type: none"> Contributions are made with money that has already been taxed - similar to Roth IRA <ul style="list-style-type: none"> You can withdraw money any time after age 59½ Withdrawals are not subject to income tax
Safe Harbor 401(K) <ul style="list-style-type: none"> Similar to a traditional 401(k), but designed to ensure that all employees can participate, not just those who are highly compensated <ul style="list-style-type: none"> You can withdraw money any time after age 59½ Withdrawals are subject to income tax 	Profit Sharing Plan <ul style="list-style-type: none"> A pre-tax contribution plan that gives employees a portion of a company's profits <ul style="list-style-type: none"> You can withdraw money any time after age 59½ (unless employer has selected a different age). Withdrawals are subject to income tax 	SIMPLE 401(K) <ul style="list-style-type: none"> A pre-tax contribution plan for small businesses with under 100 employees <ul style="list-style-type: none"> You can withdraw money any time after age 59½ (unless employer has selected a different age). Withdrawals are subject to income tax

DISCLAIMER

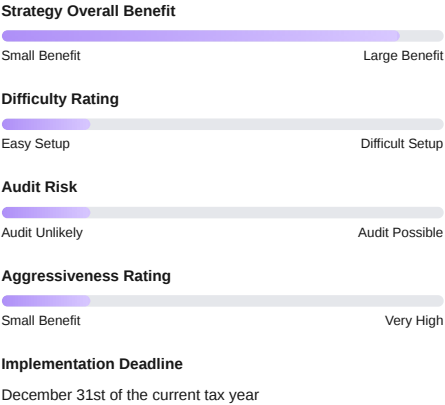
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Which 401 (K) Is Right For You

	Traditional 401(K)	Solo 401(K)	Roth 401(K)	Safe Harbor 401(K)	Profit Sharing	SIMPLE 401(K)
Sole Proprietorship	✗	✗	✗	✗	✗	✗
S-Corp with Employees	✓	✗	✓	✓	✓	✓ <small>If under 100 employees</small>
S-Corp Owner Only Employee	✓	✓	✓	✓	✓	✓
C-Corp With Employees	✓	✗	✓	✓	✓	✓ <small>If under 100 employees</small>
C-Corp Owner Only Employee	✓	✓	✓	✓	✓	✓
Partnership with Employees	✓*	✗	✓*	✓*	✓	✓* <small>If under 100 employees</small>
Partnership Owner Only Employee	✗	✗	✗	✗	✗	✗

* A partner can not be a W-2 - employee, so 401 (K) will not benefit the partner.

Tax Planner Pro Rankings: 401 (K) Plan



Charitable Contributions

Contributing money to charitable organizations each year can significantly reduce your taxable income while supporting causes that are important to you and your family.

See Tax Code 26 U.S. Code § 63 - Taxable income defined



Charitable donations can be cash, real estate, motor vehicles, appreciated securities, clothing, and other items like furniture, electronics, etc.



Deductions can be taken in the year they are donated. Deductions are limited to 100% of your AGI for cash gifts to public entities and 30% to private entities.



Donations to political parties, private individuals, fees paid for professional associations or labor unions, and for-profit schools are not deductible.

How To Make Charitable Contributions



Start by deciding what organizations you would like to donate to and research if they are qualified charity. Most will be 501(c)(3) "Exempt Purpose Organizations" and can provide documentation to you when you call.



Make a contribution to the charity by writing a check, charging a credit card, or providing cash to the organization. Be sure to get a receipt any time you donate to a charity.



Many organizations will send you a summary of your donations after the close of the calendar year and will mail you information you may need to report on your tax returns.



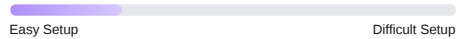
Your tax preparer will enter these donations on Schedule A of your Form 1040. Charitable Donations benefit taxpayers who itemize deductions.

Tax Planner Pro Rankings: Charitable Contributions

Strategy Overall Benefit



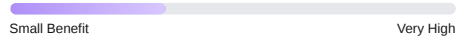
Difficulty Rating



Audit Risk



Aggressiveness Rating



Implementation Deadline

December 31st of the current tax year

Entity Availability: Charitable Contributions



Sole Prop

Disallowed



S-Corp

Disallowed



Individual

Available



Partnership

Disallowed



C-Corp

Disallowed

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Employing Your Children

If you have children between the ages of 7-22, you can employ them in your business and pay them a reasonable wage at or under the standard deduction, and receive a tax free benefit to your business while they receive tax free income

See Tax Code 26 U.S. Code § 63 - Taxable income defined

Why Should You Employ Your Children?



If you follow IRS rules, hiring your child to work for your business can lower your taxable income as you can deduct their salaries from your business income



If your child is under 18, and depending on the type of business you have, you won't have to take Social Security and Medicare taxes from their pay

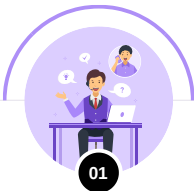


Your child won't have to pay taxes if their income for a given tax year is less than the standard deduction amount for that year



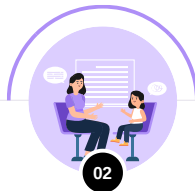
Because your child will have earned income, you can contribute to an IRA on their behalf subject to applicable IRA contribution limits

How to Implement This Strategy



Contact your payroll company and add your child as a W-2 employee.

Depending on the business type, the child may be exempt from FICA and Unemployment tax (see chart below for details)



Find a job that is suitable for your child based on age and abilities. Some examples include:

- Cleaning the office
- Washing company cars
- Simple to advanced data entry
- Trips to the post office or general errands
- Updating social media accounts
- Helping at the office, passing out flyers, etc.



Pay a reasonable wage by check and deposit into a bank account in their name

Be aware of minimum wage and child labor laws for your state and Federal rules and regulations



Your child will need to file their own tax return each year.

If they make at or below the standard deduction, they will pay no federal income tax

Tax Planner Pro Rankings: Employing Your Children

Strategy Overall Benefit



Difficulty Rating



Audit Risk



Aggressiveness Rating



Implementation Deadline

December 31st of the current tax year

Entity Availability: Employing Your Children



Sole Prop

Available



S-Corp

Available



Individual

Disallowed



Partnership

Available



C-Corp

Available

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Expense Acceleration

Expense acceleration is increasing your business expenses in the current year on goods or by prepaying operating costs you would normally spend in the next year. Therefore it brings the deduction into this year rather than next year. These can be simple expenses like paper or office supplies to more complex items like cars, trucks and buildings.

See Tax Code 26 U.S. Code §461 - General rule for taxable year of deduction

The 12-Month Rule

For cash basis taxpayers, prepaid expenses can be deducted as long as the 12-month rule is met

- The "12-month rule" allows for the deduction of a prepaid expense in the current year if the right or benefit paid for does not extend beyond the earlier of:
 - 12 months from the date the prepayment is made, OR
 - The end of the taxable year following the taxable year in which the payment is made.

Employing the 12-Month Rule



Paul and Emily own a small cash basis business and are looking to reduce their taxable income by pre paying some business expenses



They decide to make the following payments on June 30th of this year

- \$10,000 for the next 10 months of utilities
- \$12,000 for insurance over the next 24 months
- \$9,600 for the next 8 months of interest on a business loan

What Can Paul & Emily Deduct This Year?

- They can deduct all \$10,000 for the utilities because: The benefit is not more than 12 months and the benefit ends prior to the end of next year.
- They can deduct \$6,000 for insurance because: The payment is more than 12 months so they can only deduct 12 months (\$500 per month)
- They can deduct \$7,200 for interest because: The 12 month rule does not apply to interest

The All Events Test & Economic Performance Test

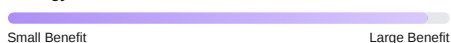
For accrual basis taxpayers, the rules are more complicated.

There are two tests that must be met before the taxpayer can apply the 12-month rule.

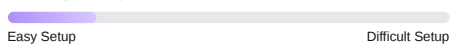
- The general rule is that the taxpayer cannot deduct a prepaid expense until the obligation to pay is fixed (all necessary events have occurred to establish liability), the cost is determinable, and the prepaid services or property are actually provided to the taxpayer (economic performance).
 - There are a few notable exceptions where a cash payment results in economic performance. Common items include insurance contracts, warranty contracts, taxes, and workers' compensation liability.

Tax Planner Pro Rankings: Expense Acceleration

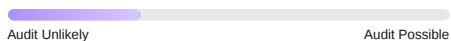
Strategy Overall Benefit



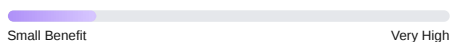
Difficulty Rating



Audit Risk



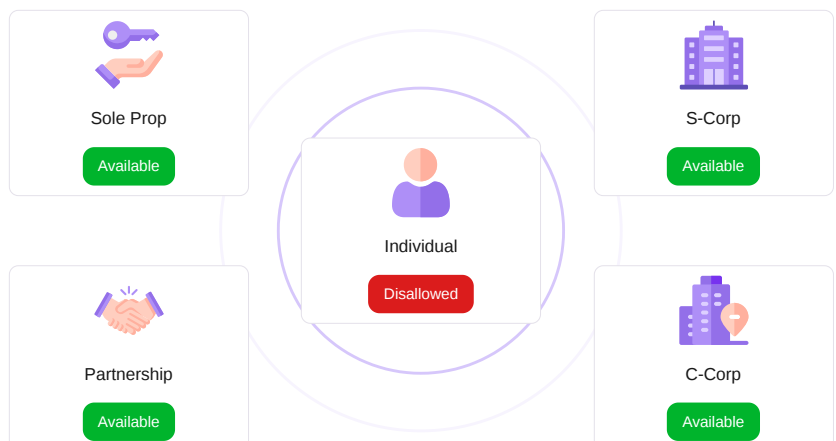
Aggressiveness Rating



Implementation Deadline

December 31st of the current tax year

Entity Availability: Expense Acceleration



DISCLAIMER

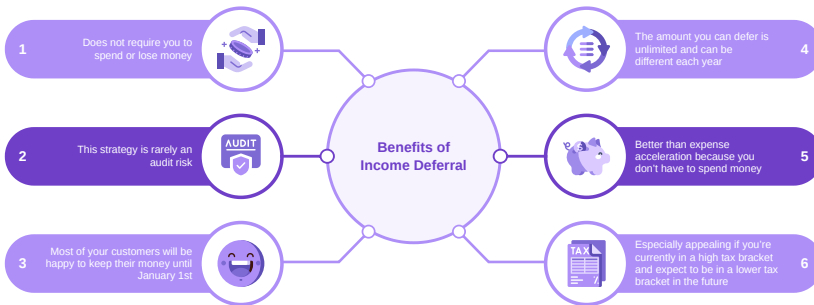
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Income Deferment

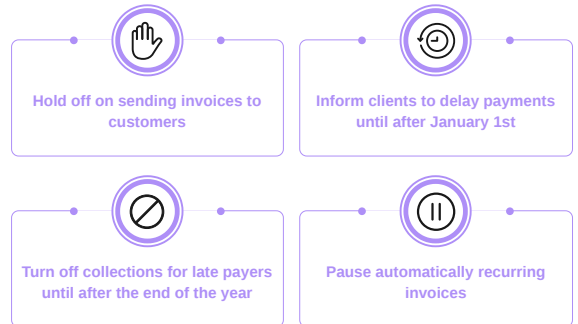
Income Deferment is postponing income to a later year in order to minimize your current income tax liability. This means you would reduce your billings and collections from customers at year end, in most cases you will then bill the customer after January 1st so the income is counted in the following year

See Tax Code 26 U.S. Code §461

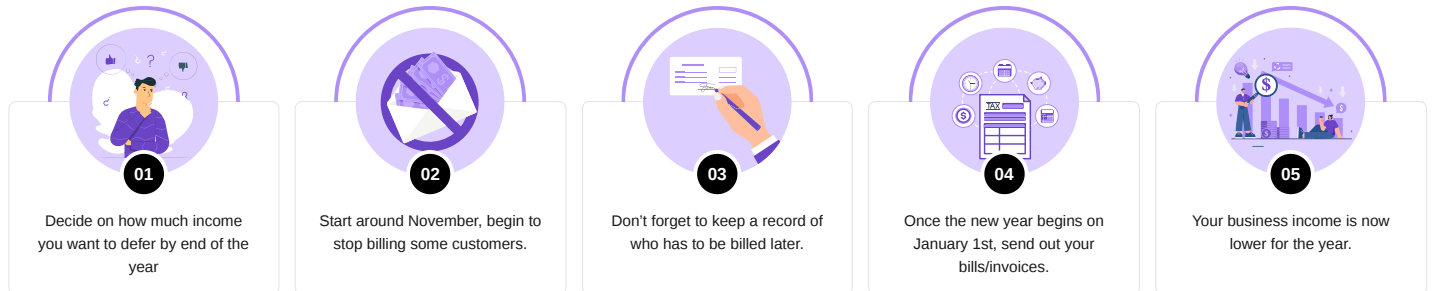
Benefits of Income Deferral



Ways to Delay Payments



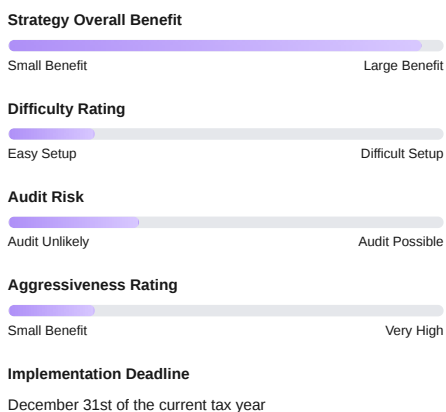
How to Implement Income Deferment



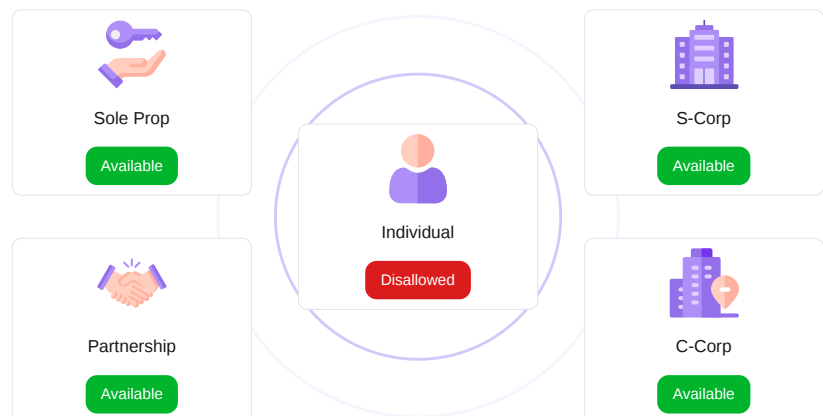
When is Deferring Income Not a Good Idea?

If deferring income creates a scenario where you will be in a higher tax bracket in the next year, this may not be an optimal strategy. Income deferral works best when you plan to be in the same or a lower tax bracket for the following year.

Tax Planner Pro Rankings: Income Deferment



Entity Availability: Income Deferment



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SEP IRA

The SEP IRA is a type of Individual Retirement Account that allows self-employed businesses and their employees to utilize the account to receive tax deferred savings benefits. A business of any size, even self-employed, can establish a SEP.

[See Tax Code 26 U.S. Code § 1.408A-8 Definitions \(3\)](#)

Key Advantages of a SEP IRA



Higher contribution Limits

For those eligible, SEP IRA contribution limits are much higher than traditional or Roth IRAs.



Simplicity

The SEP IRA is relatively simple to set up and administer, with new reporting requirements.



Tax Benefits

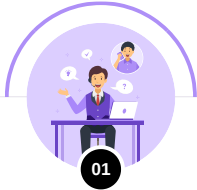
Contributions are tax-deductible for the employer and grow tax-deferred for the employee until withdrawal.



Flexibility

Employers are not required to contribute every year, so it can be more flexible than other types of retirement plans.

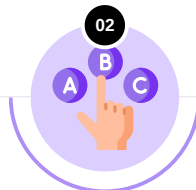
How to Setup a SEP IRA



Determine Eligibility

Employer Eligibility: Any business owner, including sole proprietors, partnerships, corporations, and even some non-profits, can set up a SEP IRA.

Employee Eligibility: Employees are eligible if they are 21 years old or older, have worked for the employer for at least 3 of the last 5 years.



Choose a Financial Institution

You need to select a financial institution (bank, brokerage firm, or mutual fund company) to open the SEP IRA accounts.

Most large financial institutions, like Vanguard, Fidelity, Schwab, and others, offer SEP IRA plans.



Create a SEP Plan

To set up the plan, you'll need to complete a SEP IRA plan adoption agreement. This document outlines the terms of the plan and how it will be administered.

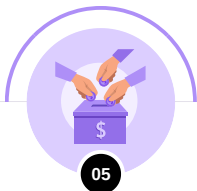
Most financial institutions provide a simple pre-approved SEP IRA adoption agreement.



Set Contribution Rules

Contributions to SEP IRA are made by the employer only. For 2024, the contribution limit is: The lesser of 25% of an employee's compensation or \$69,000.

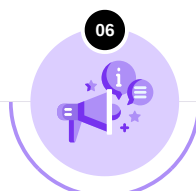
Self-employed individuals can contribute up to 20% of their net earnings (after deducting business expenses and the SEP IRA contribution).



Make Contributions

As the employer, you decide how much to contribute each year, but contributions must be made in the same percentage for all employees.

Self-employed contribution: if you're self-employed, your contribution is based on your net earnings from the business, taking into account the deduction for the SEP contribution itself.



Inform Your Employees

If you have employees who are eligible, you must notify them that a SEP IRA plan is in place and provide the necessary paperwork to allow them to open their own SEP IRA accounts.

Employees are not required to contribute to their own SEP IRA; it is solely the employer's responsibility to contribute.



Make Ongoing Contributions

Contributions are due by your business's tax filing deadline (including extensions). If you're a self-employed person, you can make contributions up until the due date of your tax return, including extensions.




Maintain Records

Keep accurate records of contributions to the SEP IRA for both yourself and any employees. This will be important for tax purposes and in case of any IRS inquiries.


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Example of a SEP IRA Contribution



Let's say you are own a business and pay yourself a salary of \$60,000. If you're contributing 25% of your compensation (the maximum for SEP IRAs), your contribution for the year would be: Contribution = 25% of \$60,000 = \$15,000 to your own SEP IRA.



If you also have one employee earning \$50,000, you would contribute the same percentage (25%) to their SEP IRA as well: Contribution for employee = 25% of \$50,000 = \$12,500 to the employee's SEP IRA.

In this case, you would deduct both the \$15,000 for yourself and the \$12,000 for your employee as business expenses, which reduces your taxable income for the year.

Tax Planner Pro Rankings: SEP IRA

Strategy Overall Benefit

Small Benefit

Large Benefit

Difficulty Rating

Easy Setup

Difficult Setup

Audit Risk

Audit Unlikely

Audit Possible

Aggressiveness Rating

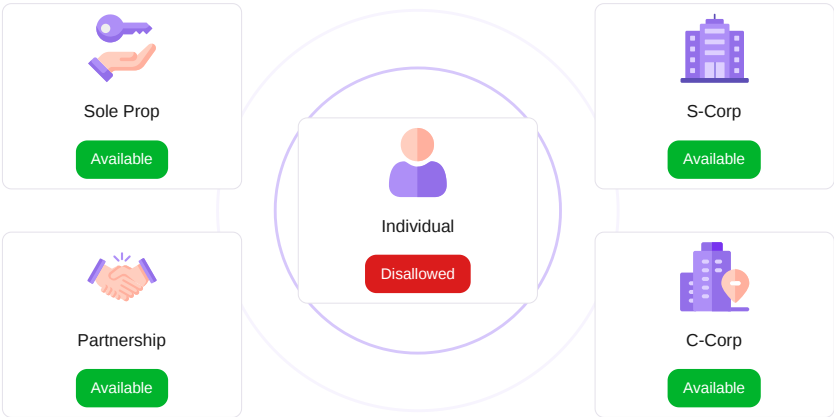
Small Benefit

Very High

Implementation Deadline

December 31st of the current tax year

Entity Availability: SEP IRA



DISCLAIMER

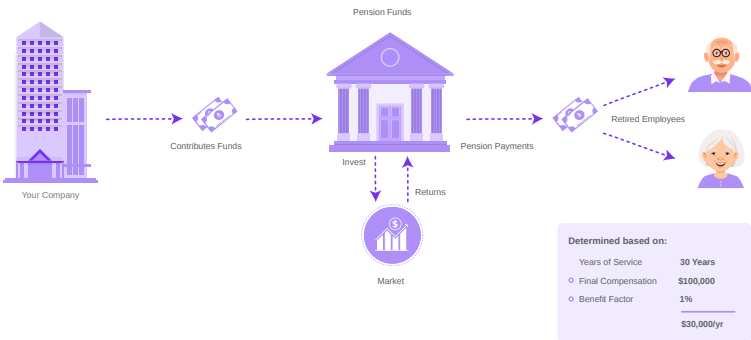
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Defined Benefit Plans

Defined Benefit Plans, also called "Pension Plans" provide a fixed, pre-established retirement plan for employees. Creating pension plans for your employees might be a smart move as a business owner. Let's explore some reasons why a pension plan could be beneficial to both you and your employees.

See Tax Code 26 U.S. Code § 401 - Qualified pension, profit-sharing, and stock bonus plans

What Is A Defined Benefit Plan?




Is This Strategy Right For Your Business?




This strategy can be utilized by a business of any size and entity type




Pension plans require an administrator to project how much needs to be contributed to the plan each year



Ensure contribution requirements are met exactly. There are penalties for adding too little or too much



Vesting can follow a variety of schedules from immediate to spread out over 7 years




Contributions are tax deductible for the business



Your company is responsible for managing the investments of the fund. This can be outsourced to a 3rd party



Pension payments can be paid out monthly or as a lump sum upon retirement



Pension plans require you to file a Form 5500 with Schedule SB each year

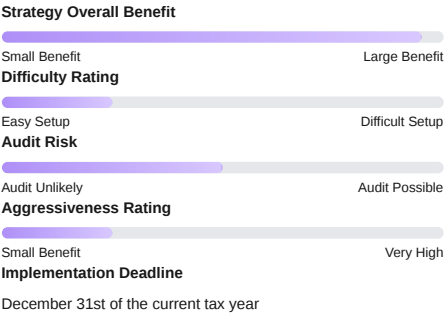
Advantage

- Contributions are tax deductible for the business
- Can be used alongside other retirement plans
- Can be used for a business of any size
- Substantial benefits can be provided and accrued within a short time — even with early retirement
- Employers can contribute (and deduct) more than under other retirement plans
- Plan provides a predictable benefit
- Vesting can follow a variety of schedules from immediate to spread out over seven years
- Benefits are not dependent on asset returns
- Plan can be used to promote certain business strategies by offering subsidized early retirement benefits
- Can be paid out as a monthly benefit or as a lump sum payment
- Advantageous for businesses that are looking to offset large amounts of taxable income


Disadvantage

- Most costly type of plan
- Most administratively complex plan
- An excise tax applies if the minimum contribution requirement is not satisfied
- An excise tax applies if excess contributions are made
- Requires filing of Form 5500 with a Schedule SB
- Cannot retroactively decrease benefits
- Company must be responsible for managing the plan's investments and risk
- Business will need a pension administrator responsible for the management and administration of pension funds to ensure they meet the retirement goals of participants.
- Once setup, this plan is difficult to turn off


Tax Planner Pro Rankings: Defined Benefit Plans




Entity Availability: Defined Benefit Plans




Sole Prop
Available



Individual
Disallowed



S-Corp
Available



Partnership
Available



C-Corp
Available

DISCLAIMER

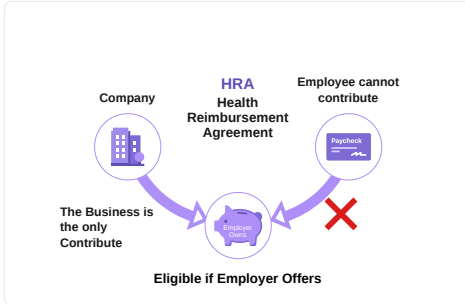
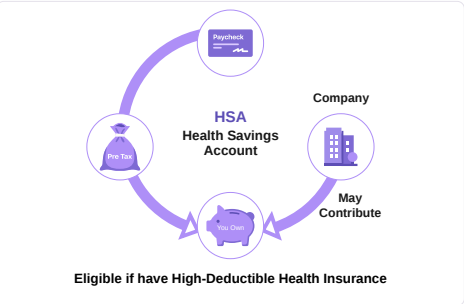
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Health Savings Accounts



Health Savings Accounts, Flexible Spending Accounts, and Health Reimbursement Agreements al help you save tax dollars on medical spending. The options vary as explained below.

See Tax code 26 U.S. Code &223 - Health Savings Accounts Code § 213(d)- Health Reimbursement Arrangements Code § 125: Cateteria Plans

Health Saving Accounts



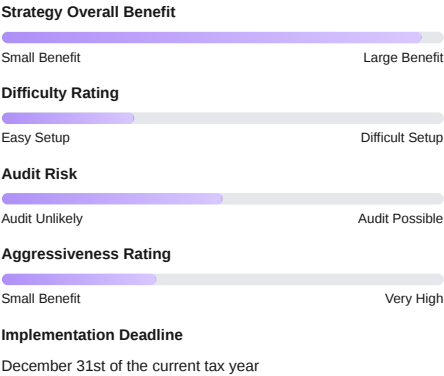
Whats the difference in these accounts?

BIG DIFFERENCE		
 FSA & HSA Lose money if you don't use		HSA Money stay in account if unused 
Health Savings Account (HSA)	Flexible Spending Account (FSA)	Health Reimbursement Agreement (HRA)
Must have a Hige-Deductible Health Plan that meets the IRS guidelines for eligibility.	Employer must offer the plan through your work but you do not need to have a health plan.	Employer must offer the plan through your work and is usually connected to a health plan.
You put money in just like you would a bank account. Your employer can also put money in.	Employer pulls money from your paycheck before taxes and funds the account.	Employer funds the account from business operations.
If you don't spend the money each year, it stay in the account and can even be invested.	Employer can allow a small amount to be rolled oved each year, otherwise money is lost.	Employer can allow a small amount to be rolled over each year, otherwise money is lost.
You own the account, regardless of where you work or job chnages.	Employer owns the account and if you leave the job you lose the money	Employer owns the account and if you leave the job you lose the money

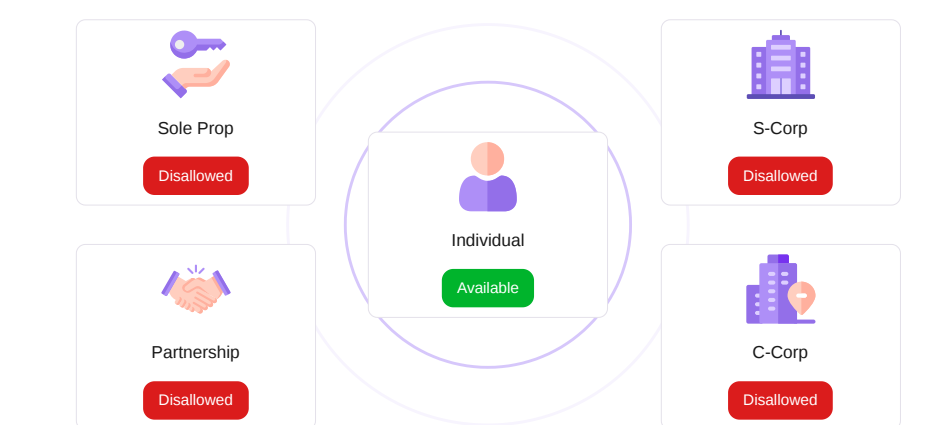
Where to use these accounts?



Tax Planner Pro Rankings: Health Savings Accounts



Entity Availability: Health Savings Accounts



DISCLAIMER

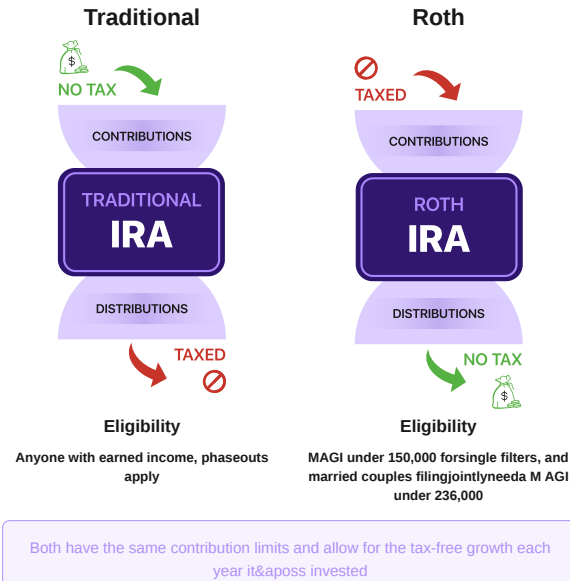
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Traditional & Roth IRA

The two most popular IRA's are the Traditional IRA and the Roth IRA. Both allow you to save money toward retirement. However, they are very different in the tax attributes they allow. Below we'll compare and help you decide which might be right for you.



See Tax Code 26 U.S. Code 26 CFR § 1.408A-1 & 26 U.S. Code § 408

The Key Differences



Which is Right for you?

Individual Retirement Accounts (IRAs) are some of the best tools for having your money grow towards retirement. So, which one is right for you?
Note: You can contribute to both if your income levels allow for it

Traditional IRA	Roth IRA
 PRE TAX	 POST TAX
Make pre-tax contributions now, then pay taxes on withdrawals during retirement	Make post-tax contributions now, then make tax-free withdrawals during retirement
Key Pros	Key Pros
<ul style="list-style-type: none">If deductible, contributions reduce taxable income in that tax yearContribution grows tax-deferred	<ul style="list-style-type: none">Qualified withdrawals in retirement are tax-freeContribution grows tax-deferredNo mandatory distributions
Key Cons	Key Cons
<ul style="list-style-type: none">Deduction limits may occur depending on your incomeDistributions in retirement are taxed as ordinary incomeMandatory distributions after age 73	<ul style="list-style-type: none">No immediate tax benefitContribution limits may occur at higher incomes
Early Withdrawal Rules	Early Withdrawal Rules
<ul style="list-style-type: none">Unless for an exception, all early withdrawals are taxed and subject to a 10% penalty	<ul style="list-style-type: none">Unless for an exception, distributions are penalty and tax free after 5 years and age 59½

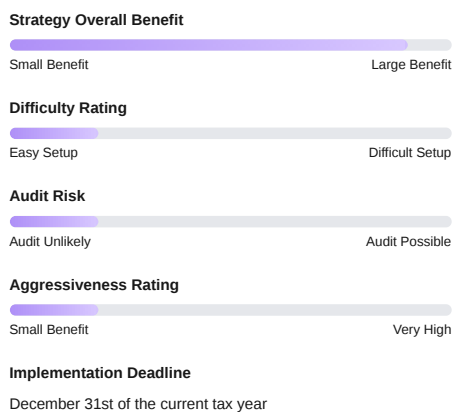
Withdrawals exception types without an IRS penalty

 Education Expenses	 First-Time Home Purchase	 Medical Expenses
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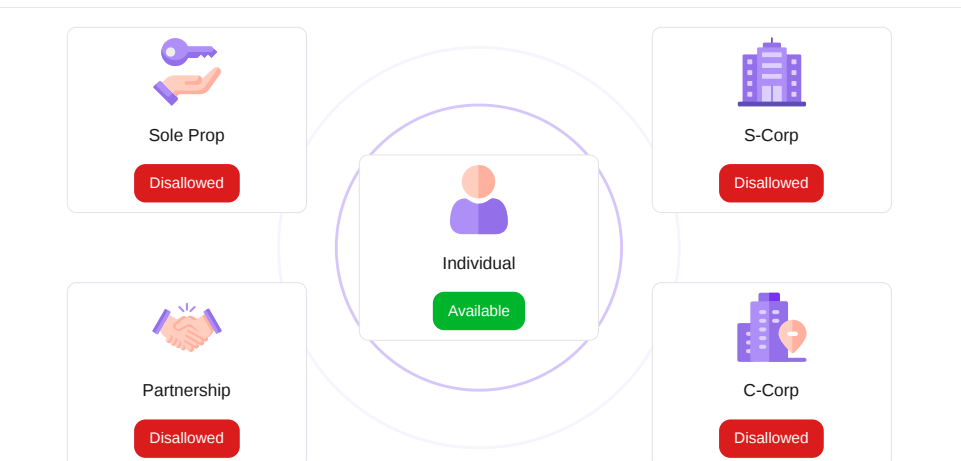
How to start a Traditional or Roth IRA

Make sure you are eligible	Pick a bank or investment company you would like to open the account with	Fill out the necessary forms from your chosen financial institution	Choose your investments, consult a financial advisor if needed	Learn to read statements and evaluate if any changes are necessary at least annually
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Tax Planner Pro Rankings: Traditional & Roth IRA



Entity Availability: Traditional & Roth IRA



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Residential Energy Credits

Residential energy tax credits are incentives offered primarily by the Federal government (and sometimes by states or utilities) to encourage homeowners to make energy-efficient upgrades. These credits can reduce your tax bill and make energy improvements more affordable.

See Tax Code 26 § 25C & 25D

There Are Two Main Categories of Federal Residential Energy Tax Credits



Energy Efficient Home Improvement Credit

Section 25C

This credit covers energy-saving upgrades to existing homes.










Residential Clean Energy Credit

Section 25D

This credit supports renewable energy installations like solar, wind, geothermal, and battery storage.

Compare the Differences of Each Type

Energy Efficient Home Improvement Credit (25C)		Residential Clean Energy Credit (25D)
Credit for non-renewable energy efficiency upgrades	 Type	Credit for renewable energy systems
Existing homes (primary residence only)	 Applies To	New or existing homes (primary & secondary residences)
Insulation, windows, doors, HVAC, furnaces, boilers, electrical panel upgrades, home energy audits	 Eligibility	Solar panels, solar water heaters, geothermal heat pumps, wind turbines, fuel cells, battery storage
30% of qualifying costs	 Credit Rate	30% of system cost (equipment + labor)
\$1,200 annual limit, with sub-limits (e.g., \$600 for windows, \$250 per door)	 Annual Limits	No annual or lifetime limit
No, must be used in the tax year incurred	 Carryforward	Yes, carry forward unused credit
No, must be used in the tax year incurred	 Labor Cost	No, must be used in the tax year incurred

Any Homeowner Can Employ This Strategy



Replacing old windows with ENERGY STAR windows

Cost: \$2,000
Credit Type: 25C
Credit Amount: \$600 max (30% of \$2,000 = \$600 cap)



Installing a heat pump

Cost: \$8,000
Credit Type: 25C
Credit Amount: \$2,000 (maximum allowed for heat pumps)



Installing solar panels

Cost: \$20,000
Credit Type: 25D
Credit Amount: \$6,000 (30% of \$20,000)



Installing battery storage

Cost: \$10,000
Credit Type: 25D
Credit Amount: \$3,000 (30% of \$10,000)

Other Tips & Notes

- IRS Form 5695 is used to claim both credits
- You must retain receipts and certifications for eligible items
- State and utility rebates/incentives may reduce the federal credit basis
- Combine with rebates from the Inflation Reduction Act (IRA) programs or local utility programs where available
- Attach to your annual tax return
- Credits are non-refundable: they reduce tax owed, but don't increase your refund beyond zero
- A qualified professional must be used for installations

Tax Planner Pro Rankings: Residential Energy Credits

Strategy Overall Benefit



Difficulty Rating



Audit Risk



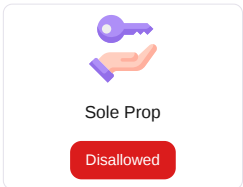
Aggressiveness Rating



Implementation Deadline

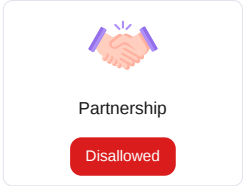
December 31st of the current tax year

Entity Availability: Residential Energy Credits



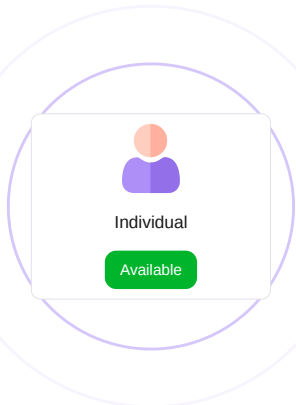
Sole Prop

Disallowed



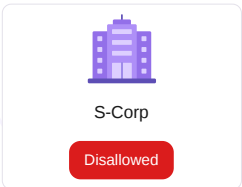
Partnership

Disallowed



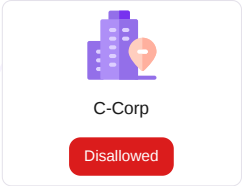
Individual

Available



S-Corp

Disallowed



C-Corp

Disallowed

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Child & Dependent Care Tax Credit

Often abbreviated as CDCTC - This nonrefundable credit is a federal tax benefit designed to help working parents (or guardians) offset the cost of care for children under 13 years of age and certain dependents. This planner will discuss how it works, who qualifies, and rules around taking this credit.

See Tax Code 26 U.S. Code § 21 – Expenses for household and dependent care services necessary for gainful employment

Health Saving Accounts

You and your spouse (if filing jointly) must have earned income during the year

You paid for care so you could work or look for work

The care was for a qualifying child under 13 or a qualifying dependent

The person receiving care lived with you for more than half the year

You must identify the care provider and provide their address & Tax ID or SSN

How Much is the Credit?

The credit is worth 20% to 35% of your qualifying care expenses

The percentage decreases as your adjusted gross income (AGI) increases

Maximum qualifying expenses are \$3,000 for one dependent and \$6,000 for two or more dependents

Maximum credit is \$1,050 (35% of \$3,000) for one dependent and \$2,100 (35% of \$6,000) for two or more

What Counts as "Care"?



Daycare Centers



Babysitters or Nannies



After-School Programs



Day Camps (not overnight)

Care That Does NOT Qualify for CDCTC

- Overnight Camps
- School Tuition (Kindergarten and Above)
- Care by Certain Relatives
- Free Care
- Household Services Unrelated to Care
- Expenses While Not Working or Seeking Work
- Care Outside of the U.S.

Important Notes

- **Nonrefundable:** The credit can reduce your tax to \$0, but not below zero.
- **Must file Form 2441** with your tax return (Form 1040)
- You **cannot claim** the credit for amounts paid to your child under age 19, the child's other parent, or anyone you claim as a dependent.
- **State Child Care Credits:** Many states offer their own version of the CDCTC.
- **S-corp Income:** Flow-through income is not considered "earned income". Must be W-2 or K-1 income.

Tax Planner Pro Rankings: Child & Dependent Care Tax Credit

Strategy Overall Benefit

Small Benefit Large Benefit

Difficulty Rating

Easy Setup Difficult Setup

Audit Risk

Audit Unlikely Audit Possible

Aggressiveness Rating

Small Benefit Very High

Implementation Deadline

December 31st of the current tax year

Entity Availability: Child & Dependent Care Tax Credit



Sole Prop

Disallowed



Partnership

Disallowed



Individual

Available



S-Corp

Disallowed



C-Corp

Disallowed

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Home Office Deductions for Sole Proprietorships

Home office tax deductions can be a great way for self-employed individuals and small business owners to reduce their taxable income. Here's a comprehensive breakdown of everything you need to know about them for Sole Proprietorships.

See Tax Code 26 §280A(c)(1), §168

What It Is

The home office deduction allows you to deduct expenses for the business use of your home. To qualify, you must use part of your home:

- Regularly and exclusively for business, and
- As your principal place of business (or a place where you meet clients/customers or conduct administrative/management activities).

Who Qualifies

You may qualify if you are:

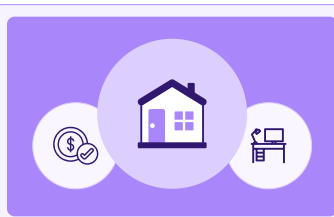
- Self-employed (including freelancers, gig workers, etc.)
- A small business owner
- A partner in a partnership (if certain conditions are met)

What Counts as a "Home Office"

It can be:

- A separate room or a portion of a room used only for business
- A standalone structure (like a garage or studio) if it's used exclusively for business
- Doesn't have to be a full room — just a clearly defined space

There are Two Ways to Calculate the Deduction



01 Simplified Method

- Flat rate: \$5 per square foot, up to 300 square feet
- Max deduction : \$1,500
- Super easy: no record keeping for actual expenses



02 Actual Expense Method

- Deduct a portion of actual home expenses based on the percentage of your home used for business.
- Example: if 10% of your home is your office, you can deduct 10% of:
 - Rent or mortgage interest
 - Utilities (electricity, internet, water)
 - Homeowners/renter's insurance
 - Property taxes
 - Maintenance / repairs
 - Depreciation (if you own)



Example Calculation for Actual Expense Method

Let's say your home office is a room in your home that is 10ft. by 10ft. This would be a total of 100 square feet. If the entire home is 1,000 square feet then the home office percentage is 10%.

Annual home expenses:

- Rent: \$18,000
- Utilities: \$2,000
- Insurance: \$1,000

Total Amount Deductible: 10% of \$21,000 = **\$2,100**



With the actual method, **good recordkeeping is critical**



With the **Simplified Method** the deduction would be **\$500** (100 sq ft x 5)



Switching Methods: You can switch between simplified and actual expense methods year to year, but once you choose actual and claim depreciation, there are special rules if you stop using the home office or sell your home later (recapture tax may apply).

Repairs and improvements:



- Rent: **Direct expenses** (repairs only in your office) are **fully deductible**
- **Indirect expenses** (roof repair, HVAC, etc.) are **partially deductible**
- Improvements may need to be **depreciated over time**

Common Pitfalls to Avoid

- Not using the space exclusively for business
- Using the actual method without tracking expenses
- Claiming too much square footage (IRS may flag this)
- Deducting home office space that is also used as a guest bedroom or for personal use

Pro Tips

- Take photos of your home office as documentation
- Keep utility bills, rent/mortgage statements, and repair receipts
- Track square footage accurately
- Use tools like bookkeeping software to track expenses if using Actual Expense Method

Tax Planner Pro Rankings: Home Office Deductions for Sole Proprietorships

Strategy Overall Benefit

Small Benefit Large Benefit

Difficulty Rating

Easy Setup Difficult Setup

Audit Risk

Audit Unlikely Audit Possible

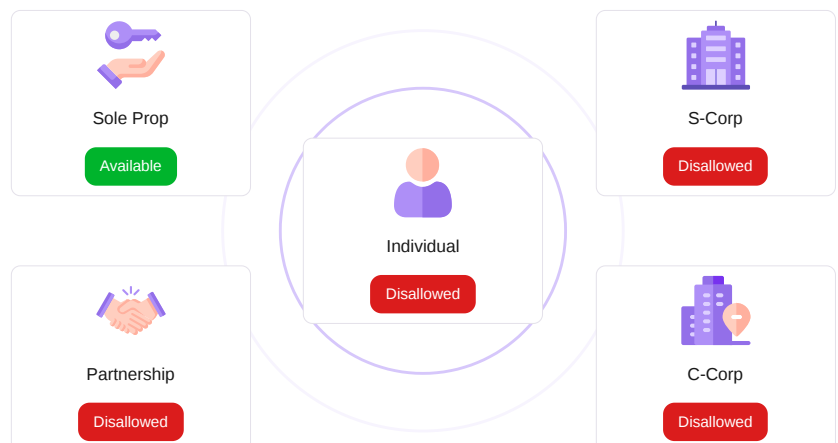
Aggressiveness Rating

Small Benefit Very High

Implementation Deadline

December 31st of the current tax year

Entity Availability: Home Office Deductions for Sole Proprietorships



DISCLAIMER

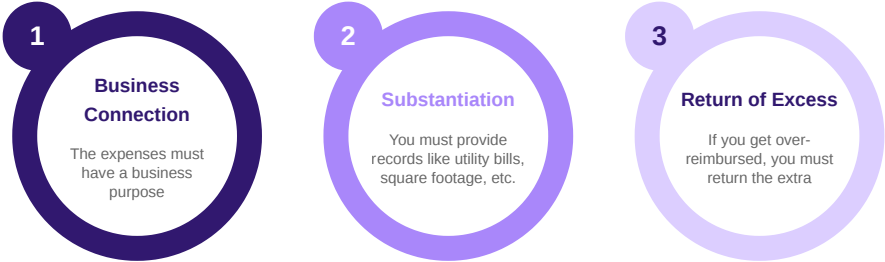
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Accountable Plans

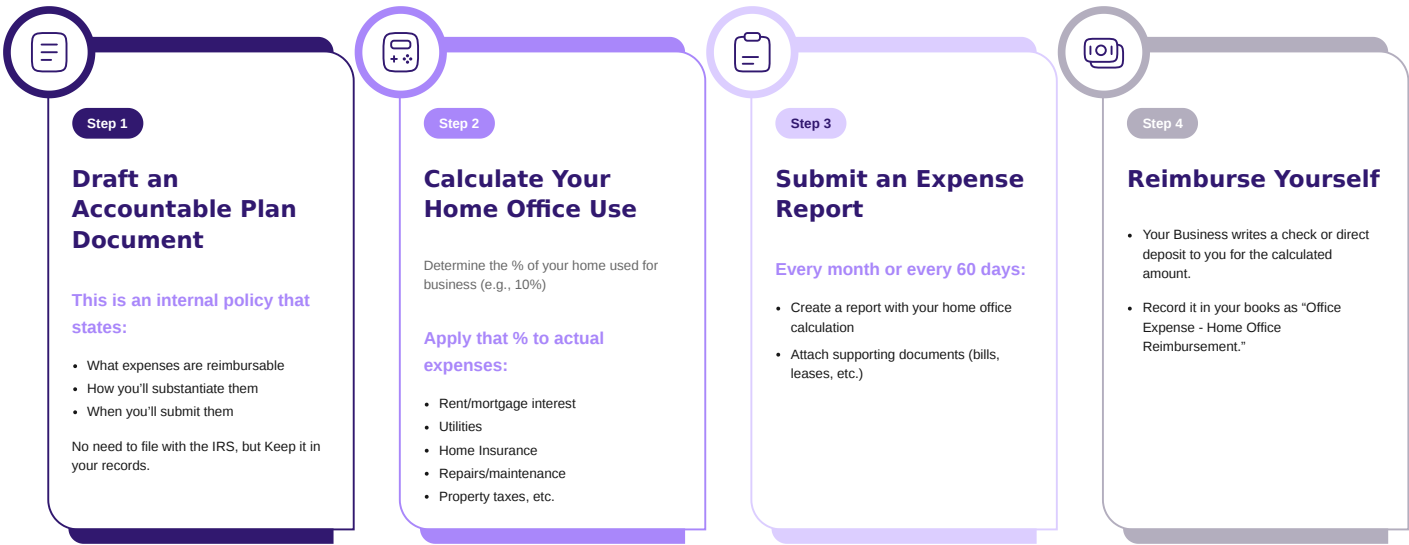
An Accountable Plan is a formal arrangement where your business reimburses you (the employee/shareholder) for business expenses — including the business use of your home — without it counting as taxable income to you.

See IRS Publication 463 (Travel, Gift, and Car Expenses) and Treasury Regulation § 1.62-2

Accountable Plans Must Meet Three IRS Rules



How to Set Up an Accountable Plan



Comparison by Business Entity Type

Particular	S-Corporation	C-Corporation	Partnership
Owner is considered an employee?	✓	✓	✗
Requires Reimbursement?	✓	✓	Optional
Best Practice Method	Reimburse via Accountable Plan	Reimburse via Accountable Plan	UPE on Schedule E or Reimbursement
Accountable Plan Allowed?	✓	✗	Optional
Formal Rental Agreement Alternative?	Sometimes Used	More Common	Occasionally Used
Requires Documentation?	Yes, substantiation and expense reports	Yes, substantiation and expense reports	Yes, if UPE or Reimbursement
Deductibility for the Business?	✓	✓	✓

Things to Watch Out For

- No deduction on your personal tax return — it has to go through the business
- No depreciation unless your business owns the home (rare)
- Reimbursements must be reasonable and well-documented
- An Accountable Plan is required to avoid the income being treated as wages

Pro Tips

- Use a template for the accountable plan
- Set a calendar reminder to submit expense reports monthly or quarterly
- Consider including other reimbursements too (mileage, cell phone, internet, etc.)
- Track everything with a tool like Expensify, QuickBooks, or even a spreadsheet

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Notes by Entity Type

S-Corporation:

- You must be reimbursed through an Accountable Plan.
- Can't deduct home office on your personal return.
- Alternative: rent your home office to the S-corp — but adds complexity and risk.

C-Corporation:

- Same rule as S-corp: home office expenses must be reimbursed to you.
- C-corps can also enter into formal lease agreements more easily, though this adds taxable income on your personal return.

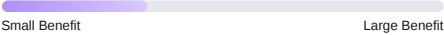
Partnership:

Partners are not employees, so:

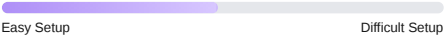
- You can deduct home office costs as Unreimbursed Partner Expenses (UPE) on Schedule E, if allowed in the partnership agreement.
- Or, the partnership reimburses you via an accountable plan.
- Or, you rent space to the partnership (and report rental income on Schedule E).

Tax Planner Pro Rankings: Accountable Plans

Strategy Overall Benefit



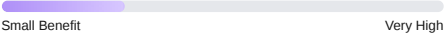
Difficulty Rating



Audit Risk



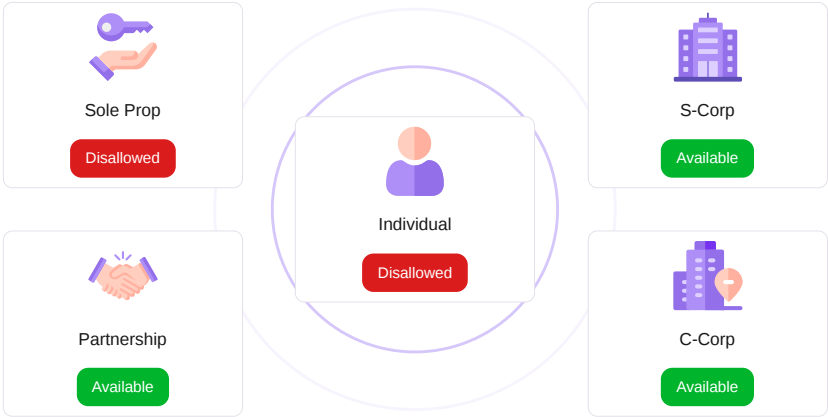
Aggressiveness Rating



Implementation Deadline

December 31st of the current tax year

Entity Availability: Accountable Plans



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The Clean Vehicle Tax Credit

The Clean Vehicle Credit, under the Inflation Reduction Act of 2022, provides tax credits for qualifying new EVs and qualifying used EVs. This credit is designed to encourage adoption of electric vehicles and support domestic manufacturing.

See Tax Code 26 U.S. Code § 30D, § 25E, and § 45W

How Much is The Clean Vehicle Credit?



Up to **\$7,500** for purchase of a **new** clean vehicle



Up to **\$4,000** for purchase of a **used** clean vehicle

For New Vehicles:

- In order to get the full \$7,500 for the purchase of a **NEW** clean vehicle, there are two requirements that must be met



60%

of battery parts made or assembled in North America.



50%

of critical minerals are sourced, recycled, or processed in North America.

You Can Choose How You Want to Take the Credit



As a discount at the dealer.



As a credit on your tax return.



Cost Limitations on the Clean Vehicle



New SUV/van/truck retail price must be less than:

\$80,000



New car retail price must be less than:

\$55,000



Used car retail price must be less than:

\$25,000

Income Limitations to Qualify

New Vehicle

AGI must be under

\$150,000 Single

\$225,000 Household

\$300,000 Married



Used Vehicle

AGI must be under

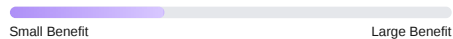
\$75,000 Single

\$112,500 Household

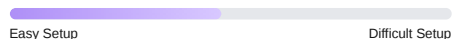
\$150,000 Married

Tax Planner Pro Rankings: The Clean Vehicle Tax Credit

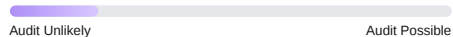
Strategy Overall Benefit



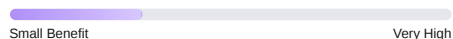
Difficulty Rating



Audit Risk



Aggressiveness Rating



Implementation Deadline

Must be purchased on or before 9/30/25

Entity Availability



Sole Prop

Disallowed



S-Corp

Disallowed



Individual

Available



Partnership

Disallowed



C-Corp

Disallowed

DISCLAIMER

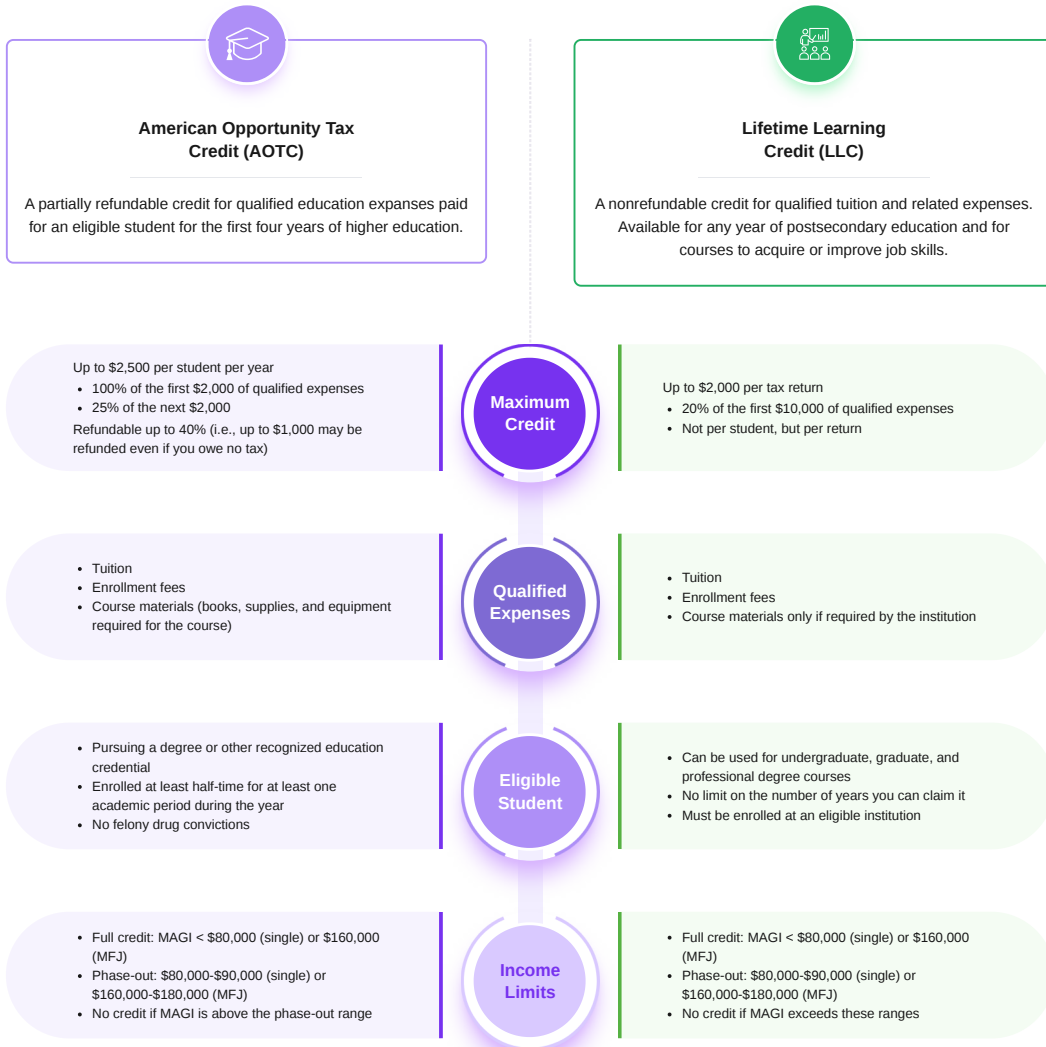
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Education Tax Credits

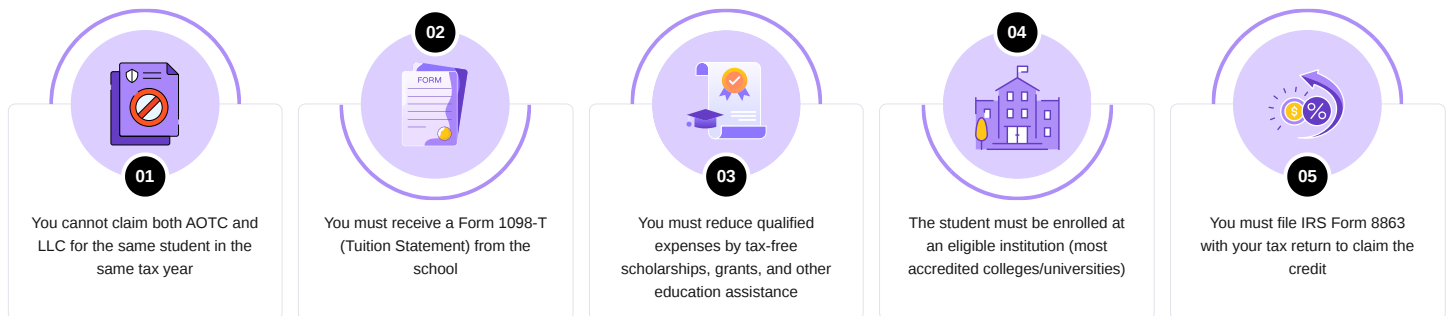
Education tax credits are tax incentives designed to help offset the cost of higher education by reducing the amount of income tax you owe.

See Tax Code 26 U.S. Code § 25A - Hope and Lifetime Learning Credits

There are Two Primary Federal Education Tax credits



Key Rules for Both Credits



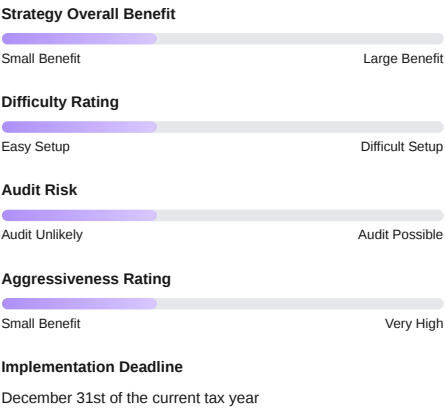
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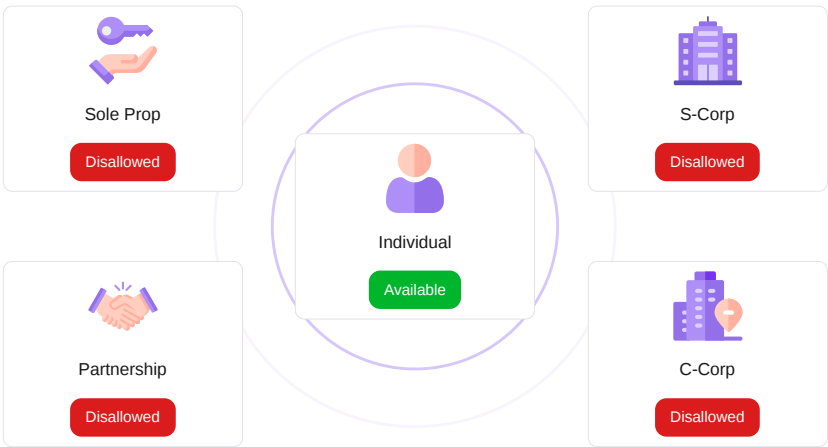
Education Tax Credits Side By Side Comparison

Tax Information	American Opportunity Tax Credit (AOTC)	Lifetime Learning Credit (LLC)
Maximum Credit	\$2,500	\$2,000
Refundable?	Yes, up to 40% of credit	NO
Income Limit (MAGI) – Single	\$90,000	\$90,000
Income Limit (MAGI) – Joint Filers	\$180,000	\$180,000
Dependent Status	If you're listed as a dependent on someone else's tax return, you cannot claim the AOTC or LLC	
Eligible Programs	Student must be pursuing an undergraduate degree or other recognized education credential	Student doesn't need to pursue a degree or other recognized education credential
Enrollment Requirement	At least half-time	Available for 1 or more courses
Number of Years You Can Take The Credit	4 years per student	Unlimited
Felony Drug Conviction	Students with a felony drug conviction are ineligible	Does not apply
Qualified Expenses	<ul style="list-style-type: none">• Tuition• Enrollment fees• Materials required for study	<ul style="list-style-type: none">• Tuition• Enrollment fees
For Whom Can You Claim The Credit?	You, your spouse, or a student you claim as a dependent on your tax return	
Who Must Pay The Qualified Expenses?	You, your spouse, the student, or a third party	
Payments For Academic Periods	Made in tax year for academic periods beginning in that year or the first 3 months of the next tax year	

Tax Planner Pro Rankings: Education Tax Credits



Entity Availability: Education Tax Credits



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S-Corp Health Insurance for 2%+ Shareholders

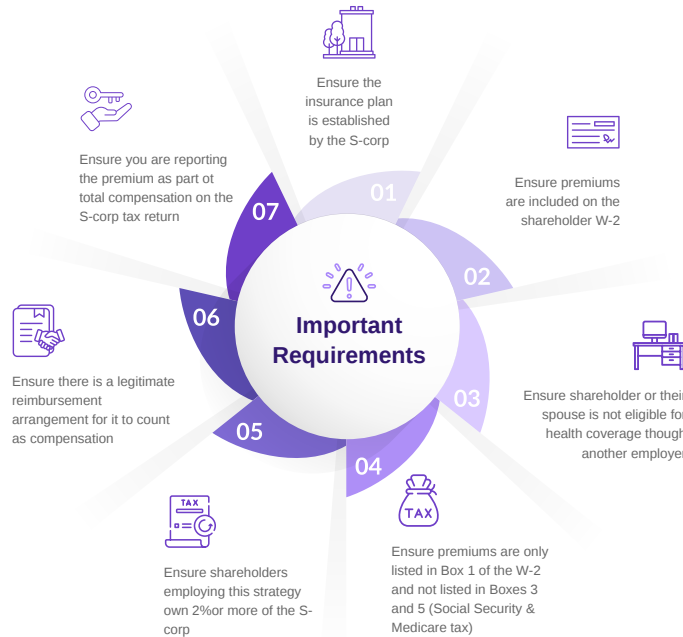
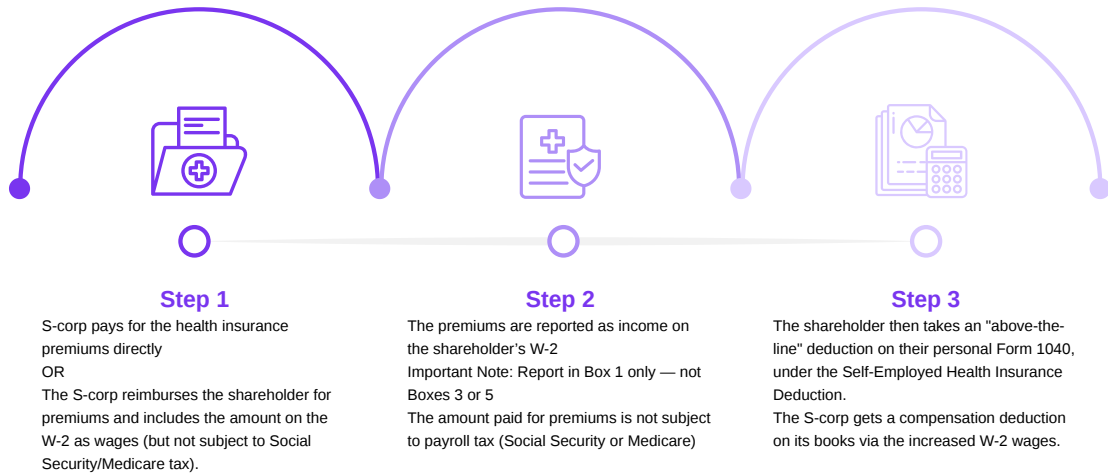
The 2%+ shareholder health insurance tax strategy is a well-known approach for reducing personal income tax while still complying with IRS rules. It applies specifically to shareholders who own more than 2% of the corporation. Here's a breakdown of how it works and why it's useful.

See Tax Code 26 U.S. Code §162(j) and §1372

The Basics

If you're a greater than 2% shareholder in an S-corporation, you can't deduct health insurance premiums on the business return as a regular expense like you would for an employee. BUT — there's a workaround that still gives you a deduction on your personal return.

The Strategy in a Nutshell



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Let's see it in action



Jane owns 100% of her S-corp floral shop. She has purchased a health insurance plan through the S-corp for \$10K in premiums per year, which the business pays

She makes sure to tell her payroll processor to show \$10K of wages in Box 1 of her W-2 but not Boxes 3 and 5

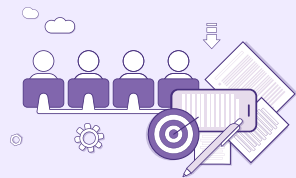


At tax time, Jane's accountant deducts \$10K as Self Employed Health Insurance, reducing her adjusted gross income

Jane's S-corp gets to deduct the \$10K paid for health insurance as an expense on the business tax return - just like regular wages

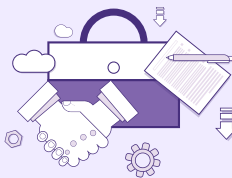


Can Other Entity Types Use This Strategy?



C-Corporation

- Yes, but in a better way.
- C-corps can deduct 100% of health-insurance premiums for owners and employees — even if the owner is the only employee.
- The health insurance can be tax-free to the owner-employee if structured properly under a group plan or Section 105 HRA.
- No need to add it to wages or do the W-2 workaround like S-corps.



Partnerships

- Yes, but it follows a similar concept to S-corps.
- Partners (and LLC members taxed as partners) can't be treated as employees, so health-insurance premiums can't be excluded from income.
- The partnership can:
Pay the health-insurance premiums directly, or reimburse the partner, then report the premiums as guaranteed payments on the partner's K-1 (Box 4). The partner can then take a \$162(l) deduction on their 1040 (above the line).



Sole Proprietorships

- Yes, but it's much simpler.
- A sole proprietor can just pay for health-insurance premiums and take the \$162(l) deduction directly on their 1040.
- No W-2, no K-1 — it's a clean self-employed deduction as long as:
They have net profit, and they're not eligible for coverage through a spouse's employer.

Tax Planner Pro Rankings: S-Corp Health Insurance for 2%+ Shareholders

Strategy Overall Benefit

Small Benefit Large Benefit

Difficulty Rating

Easy Setup Difficult Setup

Audit Risk

Audit Unlikely Audit Possible

Aggressiveness Rating

Small Benefit Very High

Implementation Deadline

December 31st of the current tax year

Entity Availability: S-Corp Health Insurance for 2%+ Shareholders



Sole Prop

Available



S-Corp

Available



Individual

Disallowed



Partnership

Available



C-Corp

Available

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Simple IRA

The two most A SIMPLE IRA (Savings Incentive Match Plan for Employees Individual Retirement Accounts) is a tax-deferred retirement savings plan for small businesses (with 100 or fewer employees). It's easier and less expensive to administer than a 401(k), while still encouraging employees to save for retirement.

See Tax Code 26 U.S. Code § 408(p)

Key Features



Eligibility

1

- Employer must have ≤100 employees earning \$5,000+ annually



Employee Participation

2

- Optional; employees can choose to contribute from salary
- Employees can defer part of their salary into the SIMPLE IRA
- Contributions reduce taxable income (similar to a traditional 401(k))
- They are 100% vested immediately



Employer Requirement

3

- Employers must choose ONE of the following:
 - a. Match up to 3% of compensation (Only for employees who contribute)
 - b. Fixed 2% contribution to all eligible employees' salaries (Whether they contribute or not)
- These contributions are tax-deductible for the employer



Withdrawals

4

- < 59½ years of age: 10% early withdrawal penalty (25% if within first 2 years of participation)
- ≥ 59½ years of age: Withdrawals taxed as ordinary income, no early penalty
- Required Minimum Distributions (RMDs) start at age 73 (as of 2025)



Tax Treatment

5

- Pre-tax contributions
- Tax-deferred growth
- Taxed on withdrawals



Rollover Rules

6

- Allowed to roll over into a traditional IRA after 2 years of participation
- Before 2 years, rollovers can only go to another SIMPLE IRA
- Rolling funds out early to non-SIMPLE IRAs or 401(k)s = 25% penalty

Pros & Cons

✓ Pros:

- Easy and inexpensive to set up
- No annual IRS filings
- Encourages employee retirement savings
- Employer contributions are tax-deductible

✗ Cons:

- Mandatory employer contributions
- Lower contribution limits than 401(k)
- Less Flexibility/customization
- Harsh penalties for early withdrawals or rollovers

Ideal For:

- Employers with less than 100 employees
- Businesses that want to offer a retirement plan without the cost or complexity of a 401(k)
- Self-employed people wanting a simple savings vehicle

Steps to Set Up a SIMPLE IRA (as an Employer)



1. Confirm Eligibility

Make sure your business qualifies:

- You have 100 or fewer employees
- Each earned at least \$5,000 in any of the last two years
- You don't offer another retirement plan



2. Choose a Plan Provider

Pick a bank, brokerage, or mutual fund company to:

- Hold the SIMPLE IRA accounts
- Provide plan documents
- Handle reporting and investments



3. Complete IRS Paperwork

You have two main options for plan setup documents:

Option 1:

- Use IRS Form 5304-SIMPLE
- Lets employees choose their own financial institution
- More common if employees want control

Option 2:

- Use IRS Form 5305-SIMPLE
- Requires all accounts to be with one designated institution
- Simpler and more common for small teams

You do not file these forms with the IRS, but you must keep them on file.



4. Create & Distribute Plan Notice

At least 60 days before plan starts (usually by November 2 for a January 1 start), give employees:

- The summary description (provided by plan provider)
- Their option to participate
- Contribution limits and deadline
- Employer match or 2% contribution details



5. Set Up Individual SIMPLE IRA Accounts for Each Employee

- Each eligible employee gets their own IRA under the plan. The provider will usually handle this with simple forms or an online setup.



6. Handle Payroll and Contributions

Coordinate with payroll to:

- Deduct employee salary deferrals
- Send contributions (employee and employer) to the accounts promptly- Employee deferrals: ASAP(no later than 30 days after)- Employer contributions:by your business's tax filing deadline




7. Keep Records and Stay Compliant

- No annual IRS filing (like Form 5500) is required
- Just maintain proper documentation
- Notify employees of any changes annually

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401(k)



More work to establish and administer

Does not require employer contributions


Contributions up to \$20,500 (+ \$6,500 for those 50 and older)

Any size employer can offer a traditional 401(k) plan

May also allow employees to take a loan from their accounts

VS

SIMPLE IRA



Simple, easy setup

Does require employer contributions

Contributions up to \$14,000 (+ \$3,000 for those 50 and older)

Only employers with fewer than 100 employees who earned at least \$5,000 can offer a SIMPLE IRA plan

Does not allow employees to take a loan from their accounts

Tax Planner Pro Rankings: Simple IRA

Strategy Overall Benefit

Small Benefit

Large Benefit

Difficulty Rating

Easy Setup

Difficult Setup

Audit Risk

Audit Unlikely

Audit Possible

Aggressiveness Rating


Small Benefit

Very High

Implementation Deadline


December 31st of the current tax year

Entity Availability: Simple IRA




Sole Prop

Available




Partnership

Available




Individual

Disallowed



S-Corp

Available



C-Corp

Available

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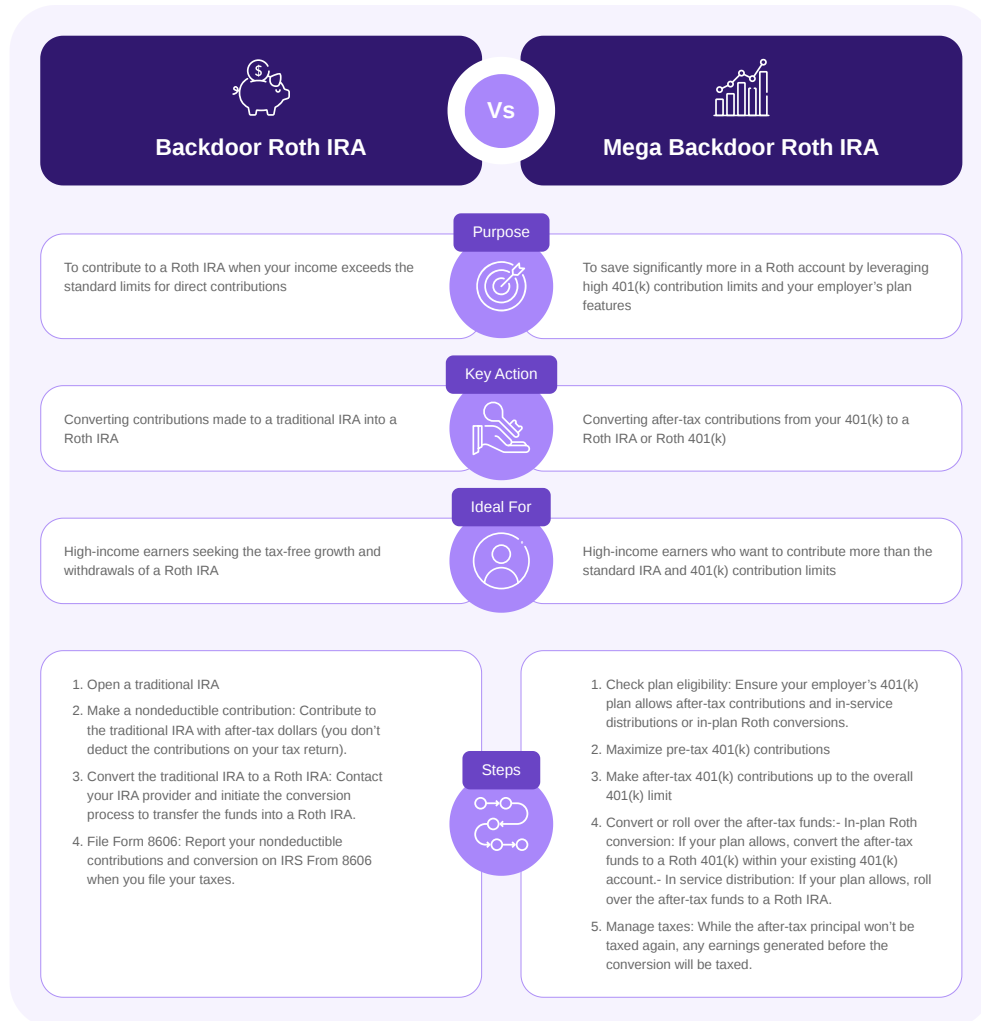
East River Farm Supply Inc

Page 63 of 68

Backdoor and Mega Backdoor Roth IRA

The two most Because Roth IRA contribution limits are phased out at high income levels, a Backdoor Roth IRA & Mega Back Door Roth IRA's are a strategy to contribute to a Roth IRA even if your income is too high to qualify for direct contributions.

See Tax Code 26 U.S. Code §408A, §408(o)(2)(B), §72, §401(a), §402(g), §415(c), Notice 2014-54



Important Considerations



Back Roth IRA

• Pro-rata rule:

If you have existing pre-tax funds in any traditional IRAs (including rollovers from 401(k)s), the conversation will be partially taxable based on the proportion of pre-tax to after-tax money in your total IRA assets.

• Timing:

To avoid unexpected earnings being taxed, it's generally best to convert the funds shortly after making the nondeductible contribution.

• 5-Year Rule:

Earnings withdrawn from a Roth IRA before age 59 1/2 and within the first 5 years of the conversion may be subject to taxes and penalties.



Mega Backdoor Roth IRA

• Employer plan features are crucial:

Not all 401(k) plans support the necessary features for a Mega Backdoor Roth.

• Potential for tax liabilities:

You may owe taxes on earnings converted from after-tax contributions.

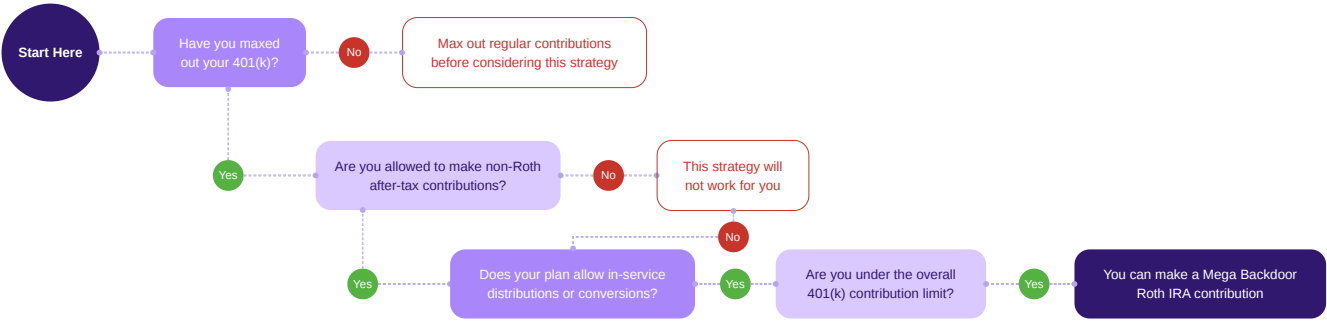
• Seek professional guidance:

Consulting with a financial advisor or tax professional is recommended due to the strategy's complexity and potential tax implications.

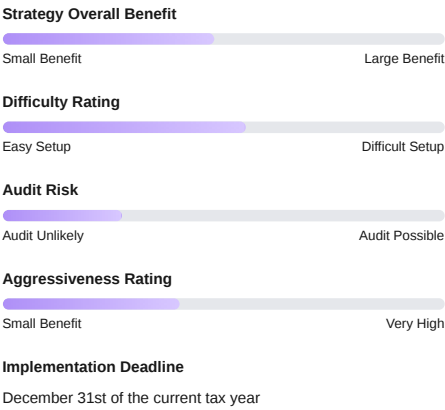
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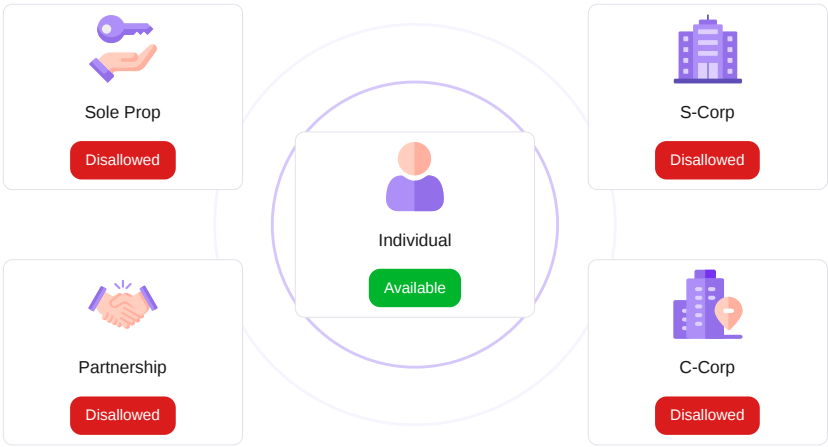
When to use a Mega Backdoor Roth IRA



Tax Planner Pro Rankings: Backdoor and Mega Backdoor Roth IRA



Entity Availability: Backdoor and Mega Backdoor Roth IRA



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Form **1120-S**

 Department of the Treasury
 Internal Revenue Service

U.S. Income Tax Return for an S Corporation

 Do not file this form unless the corporation has filed or is
 attaching Form 2553 to elect to be an S corporation.

 Company: **East River Farm Supply Inc**

OMB No. 1545-0123

2025
Caution: Include **only** trade or business income and expenses on lines 1a through 22. See the instructions for more information.

Income	1a Gross receipts or sales	2,725,643			
	b Less returns and allowances	0		c Balance	
	1c				2,725,643
	2 Cost of goods sold (attach Form 1125-A)			2	1,776,597
	3 Gross profit. Subtract line 2 from line 1c			3	949,046
	4 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			4	0
Deductions (see instructions for limitations)	5 Other income (loss) (see instructions—attach statement)			5	0
	6 Total income (loss). Add lines 3 through 5.			6	949,046
	7 Compensation of officers (see instructions—attach Form 1125-E)			7	88,576
	8 Salaries and wages (less employment credits)			8	168,003
	9 Repairs and maintenance			9	1,897
	10 Bad debts			10	0
	11 Rents			11	33,685
	12 Taxes and licenses			12	78,005
	13 Interest (see instructions)			13	0
	14 Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)			14	0
	15 Depletion (do not deduct oil and gas depletion)			15	0
	16 Advertising			16	7,246
	17 Pension, profit-sharing, etc., plans			17	64,250
	18 Employee benefit programs			18	0
	19 Energy efficient commercial buildings deduction (attach Form 7205)			19	0
	20 Other deductions (attach statement)			20	200,852
	21 Total deductions. Add lines 7 through 20			21	642,514
	22 Ordinary business income (loss). Subtract line 21 from line 6			22	306,532
Tax and Payments	23a Excess net passive income or LIFO recapture tax (see instructions)	23a	-		
	b Tax from Schedule D (Form 1120-S)	23b	-		
	c Add lines 23a and 23b (see instructions for additional taxes)			23c	-
	24a Current year's estimated tax payments and preceding year's overpayment credited to the current year	24a	-		
	b Tax deposited with Form 7004	24b	-		
	c Credit for federal tax paid on fuels (attach Form 4136)	24c	-		
	d Elective payment election amount from Form 3800	24d	-		
	z Add lines 24a through 24d			24z	-
	25 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>			25	-
	26 Amount owed. If line 24z is smaller than the total of lines 23c and 25, enter amount owed			26	-
	27 Overpayment. If line 24z is larger than the total of lines 23c and 25, enter amount overpaid			27	-
	28 Enter amount from line 27: Credited to 2025 estimated tax -Refunded			28	-

Schedule K		Shareholders' Pro Rata Share Items (continued)		Total amount	
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22)			1	306,532
	2 Net rental real estate income (loss) (attach Form 8825)			2	0
	3a Other gross rental income (loss)	3a	-		
	b Expenses from other rental activities (attach statement)	3b	-		
	c Other net rental income (loss). Subtract line 3b from line 3a			3c	-
	4 Interest income			4	0
	5 Dividends: a Ordinary dividends			5a	0
	b Qualified dividends	5b	0		
6 Royalties			6	-	
7 Net short-term capital gain (loss) (attach Schedule D (Form 1120-S))			7	0	

	8a Net long-term capital gain (loss) (attach Schedule D (Form 1120-S))	8a	0
	b Collectibles (28%) gain (loss)	8b	
	c Unrecaptured section 1250 gain (attach statement)	8c	
	9 Net section 1231 gain (loss) (attach Form 4797)	9	-
	10 Other income (loss) (see instructions) Type:	10	-
Deductions	11 Section 179 deduction (attach Form 4562)	11	-
	12a Cash charitable contributions	12a	0
	b Noncash charitable contributions	12b	-
	c Investment interest expense	12c	-
	d Section 59(e)(2) expenditures Type:	12d	-
	e Other deductions (see instructions) Type:	12e	-
Credits	13a Low-income housing credit (section 42(j)(5))	13a	-
	b Low-income housing credit (other)	13b	-
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable)	13c	-
	d Other rental real estate credits (see instructions) Type:	13d	-
	e Other rental credits (see instructions) Type:	13e	-
	f Biofuel producer credit (attach Form 6478)	13f	-
	g Other credits (see instructions) Type:	13g	0
Inter-national	14 Attach Schedule K-2 (Form 1120-S), Shareholders' Pro Rata Share Items—International, and check this box to indicate you are reporting items of international tax relevance . . . <input type="checkbox"/>		
Alternative Minimum Tax (AMT) Items	15a Post-1986 depreciation adjustment	15a	-
	b Adjusted gain or loss	15b	-
	c Depletion (other than oil and gas)	15c	-
	d Oil, gas, and geothermal properties—gross income	15d	-
	e Oil, gas, and geothermal properties—deductions	15e	-
	f Other AMT items (attach statement)	15f	-
Items Affecting Shareholder Basis	16a Tax-exempt interest income	16a	-
	b Other tax-exempt income	16b	-
	c Nondeductible expenses	16c	-
	d Distributions (attach statement if required) (see instructions)	16d	-
	e Repayment of loans from shareholders	16e	-
	f Foreign taxes paid or accrued	16f	-

SCHEDULE C
(Form 1040)Department of the Treasury
Internal Revenue Service**Profit or Loss From Business**

(Sole Proprietorship)

Attach to Form 1040, 1040-SR, 1040-SS, 1040-NR, or 1041; partnerships must
generally file Form 1065.Company: **Sabrina's Pottery Pros**

OMB No. 1545-0123

2025Attachment
Sequence No. **09****Part I** **Income**

1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked <input type="checkbox"/>	1	80,186
2 Returns and allowances	2	0
3 Subtract line 2 from line 1	3	80,186
4 Cost of goods sold (from line 42)	4	14,588
5 Gross profit. Subtract line 4 from line 3	5	65,598
6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6	0
7 Gross income. Add lines 5 and 6	7	65,598

Part II **Expenses.** Enter expenses for business use of your home **only** on line 30.

8 Advertising	8	3,645	18 Office expense (see instructions)	18	526
9 Car and truck expenses (see instructions)	9	0	19 Pension and profit-sharing plans	19	0
10 Commissions and fees	10	1,943	20 Rent or lease (see instructions):		
11 Contract labor (see instructions)	11	1,015	a Vehicles, machinery, and equipment	20a	0
12 Depletion	12	0	b Other business property	20b	0
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	0	21 Repairs and maintenance	21	0
14 Employee benefit programs (other than on line 19)	14	0	22 Supplies (not included in Part III)	22	825
15 Insurance (other than health) . . .	15	850	23 Taxes and licenses	23	175
16 Interest (see instructions):			24 Travel and meals:		
a Mortgage (paid to banks, etc.)	16a	2,573	a Travel	24a	943
b Other	16b	0	b Deductible meals (see instructions) .	24b	244
17 Legal and professional services	17	0	25 Utilities	25	0
			26 Wages (less employment credits)	26	0
			27a Other expenses (from line 48)	27a	37,378
			b Energy efficient commercial bldgs	27b	0
28 Total expenses before expenses for business use of home. Add lines 8 through 27b	28	50,118			
29 Tentative profit or (loss). Subtract line 28 from line 7	29	15,480			
30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions. Simplified method filers only: Enter the total square footage of (a) your home: - and (b) the part of your home used for business: - Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30	30	-			
31 Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Schedule 1 (Form 1040), line 3 , and on Schedule SE, line 2 . (If you checked the box on line 1, see instructions.) Estates and trusts, enter on Form 1041, line 3 . • if a loss, you must go to line 32.	31	-			