TAXBOT PRESENTS

7 Simple Ways to *Legally* Avoid Paying Taxes

written by
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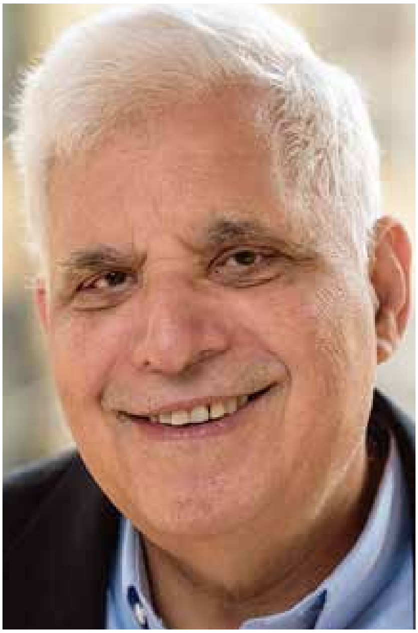
ABOUT THE AUTHOR

Sandy Botkin is a CPA and Tax Attorney. Sandy has trained millions of small business owners how to get their taxes down to the legal limit for over 30 years. He teaches tax reduction at Tony Robbins wealth seminars and is a bestselling author of the book "Lower Your Taxes Big Time" and several other bestselling business books including his latest one "Achieve Financial Freedom Big Time!"

Sandy is a frequent guest tax expert on NBC, ABC, Fox, and CNN. As a young man, Sandy worked for the IRS training their corporate tax lawyers before joining a big 5 accounting firm. After three years he left that firm to start his own company. His sole passion today is to educate small business owners about the huge tax breaks available to them and do it in a fun and entertaining way.

He has earned the reputation as the number one tax expert for small business and home- based business owners in North America.



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DISCLAIMER

The content in this book is intended for educational purposes only. The reader should recognize that each person's situation is different, and are urged to seek the competent advice of a licensed tax accountant or tax attorney to ensure that any tax strategies employed here are applicable to their unique situation.

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INTRODUCTION

The Tax Cuts Act, passed in December of 2017, was the biggest overhaul to the tax system in three decades. It has fundamentally changed the tax game for small business owners and self-employed people. And savvy entrepreneurs understand that change creates opportunity.

Overall, the changes will be fantastic for self-employed people and small businesses. However, not all the savings will be automatic. If you don't know what has changed, then you won't get the savings you deserve.

Why? Whenever you have politicians working on a bill, you have to assume there is give and take. There is back room negotiating. Secret meetings. Shell games. As such, the law took away some deductions you were familiar with and created some new ones.

In this book, I will show you some of the biggest opportunities for small business that I have seen in 30 years. But pay attention. Because you may need to change the way you run your business to get what you deserve.

Before we get into the changes to the tax laws, I want to go over how the tax structure has changed. Because it is very significant.

HOW THE TAX STRUCTURE HAS CHANGED

This will help you see how the new tax law will benefit you. To accomplish this, we first need to know who the players in this game are. First, there is Congress. They are the ones who make the rules on how income and taxes work between the other players. The other players are you, your business, and the IRS.

Now I want to address something that has been talked about a lot in the media. Because it has caused a lot of confusion for small businesses and self-employed people.

Most of you are probably set up as an LLC, an S-corporation, or a sole proprietorship. These are all considered pass-through tax entities because your business doesn't pay the IRS directly. Your business reports its income to you, and then you report the income to the IRS. Then, you are responsible to pay the taxes on your personal tax return.

Let's illustrate how your tax will be calculated with an example. Let's assume your business makes $50,000 in profit after all your expenses and deductions. At tax time, you would report that income on your personal tax return. But, before you pay the IRS, we have to add in any personal income. It is highly likely you have some other personal income. Perhaps you have another job. Or maybe your spouse has a job. In addition, maybe you sold some property. All of that is money you need to pay taxes on.

So here is how it works. First you take your business income and you add in any personal income. This total is called your adjusted gross income or AGI. Then you get to subtract your personal deductions. This includes either the standard deduction (which has almost doubled under the new tax law), or you can itemize things like mortgage interest and your donations. After you subtract your personal deductions, you arrive at your total taxable income.

And now it's a simple math problem. You multiply the income by the new lower personal tax rates! And voila! You have the total tax you owe. Now that you have this framework, I can explain a new and exciting bonus deduction for small businesses and self-employed people. Since you didn't have a corporate tax rate to reduce, congress created a special deduction for your business. Remember, in our example we imagined you made $50,000 from your business. The new law lets you take your profit and multiply it by 20%. In this case that would be $10,000. Now the new law allows you to take that 20% and turn it into another deduction on your personal tax return! Thereby lowering your taxable income! So, you win twice! You lowered your taxable income. Plus, you get the lower tax rates. Do you see that?

Overall, the new structure is fantastic for small business. However, I want to caution you. There are a lot of changes in this new tax law. The game has changed. The rules about what you can and cannot deduct have changed. In some cases, it has changed dramatically. And that is what we will hopefully shed some light on today.

Before we go any further though, I want to say a few things about owning your own business. I strongly believe that...

EVERYONE NEEDS A SIDE BUSINESS

Times have changed and having a good job just doesn't cut it these days if you want to retire. Smart people almost always invest their time and money in building something that can grow into something bigger.

Hopefully, by the time you make it through the first chapter of this book you will realize that, even if you have a day job, you can invest some of the taxes that are withheld from your paycheck to grow a business. Especially under the new tax laws.

TWO TAX SYSTEMS

There are two tax systems in this country; one for business owners and entrepreneurs, and one for people with regular jobs.

Owning your own business, even if you run it part-time, can be the single best financial decision you can make.

So why does the government give you these tax breaks for running your own business? Simple. America is the land of opportunity and small business is responsible for 70% of the growth of our economy. It also drives innovation.

DO YOU QUALIFY FOR THE MONEY?

- Did you start your business because you wanted to really make money?
- Are you willing to work on your business 45 minutes each day at least 4 days a week?
- Are you willing to keep a journal/log of the things you are doing to try to grow your business?

If you answered yes to the above questions then you definitely qualify for these amazing tax breaks, even if you work part-time from home. Millions of smart people in the US are taking advantage of the incredible tax benefits of being self-employed.

If you already understand how deductions work, then you can move to the next section. For those of you who have never owned a business, please spend a few minutes to understand how deductions work.

First, let's talk about deductions. ***A deduction does not equal cash. But, a deduction does help save you money on taxes at the end of the year. So, it does have a cash value when it's tax time.*** In the United States, you pay taxes on what is called your "Net Taxable Income". This is just a fancy way of saying: the money you make minus the deductions you qualify for.

For example, if you make $50,000 in 2017 at your job and you didn't qualify for any deductions you would pay taxes on $50,000.

However, if you have deductions of $10,000 then you pay taxes on only $40,000. And if you were in the 25% tax bracket then then you would save roughly $2,500 on your taxes ($10,000 in deductions x 25% tax bracket). Think of a deduction like the best rewards credit card you can find. Imagine it pays you cash back between 20-53%! Because if you have an expense that can be justified as a business deduction, then it's like getting 20-53% cash back in the form of savings on your tax return. Obviously, the rate depends on your federal and state tax bracket.

	No Deductions	*With Deductions*
Income	$50,000	$50,000
Deductions	$0	$10,000
Amount Taxed On	$50,000	$40,000
Taxes Owed (25%)	$12,500	$10,000
Cash Savings	**$0**	**$2,500**

This is a very simplified lesson using average tax rates. If you want a more in-depth analysis of tax rates and how they may affect you, check out our monthly training through **Taxbot Midas**.

In the example above we showed that $10,000 in deductions saved you $2,500 in taxes at the end of the year. You might be saying to yourself, "that's true, but I would have had to spend $10,000 in order to save $2,500." But you would be wrong.

What if I told you that you were already spending $10,000? But because you now have your own business, some of your current expenses can now qualify as business expenses. And business expenses almost always turn into deductions.

EXAMPLE

Mary has a regular job and makes $50,000 a year. She received a tax refund of $1,500 last year, but that's not the full story. You see, she had already paid almost $11,500 to the IRS because of the money taken out of each paycheck. So effectively, she paid $10,000 in taxes! What if Mary could get back more than the $1,500 at the end of the year? What if she could get back closer to $10,000? Let me show you how this could be possible for Mary.

Let's look at a few of Mary's expenses. Each month she spends money on the following:

- Eating Out with Friends
- Cell Phone
- Rent/Mortgage
- Car Expenses

As an employee, Mary generally doesn't get any tax benefits from these expenses. However, with a home-based business, a portion of these expenses may become deductible. So, even current expenses might become potential deductions.

BACK TO MARY

Mary started a business. Mary has a cell phone plan that she uses only for business that costs $100/month. If she uses it for 12 months that would cost $1,200/year. If she is in the 35% tax bracket, then she will save $420 at the end of the year (35% x $1,200) in cash because she owns a business now.

Just wait until you see what she gets back for these other "expenses".

Now you don't need to go buy a new cell phone for business. You can just use your current phone and figure out what percentage you use it for business and deduct the percentage you use it from your taxes.

Remember that we told you that Mary had paid $11,500 in taxes and received $1,500 back in a refund? Well, in the example above with the cell phone she would have received an extra $420 on her refund. The rest of this book will show you how to get more of your money back. Next, we will talk about alibi's and audits.

WHAT'S YOUR ALIBI?

Can I dispel a myth for you? Many people believe that their chance of being audited is so low that it's not worth worrying about. I hate to be the bearer of bad news. But if you are self-employed, you may be as much as 700% more likely to be audited than someone who is an employee...

And if you work for yourself for 20 years, then roughly 1 in 3 of you will be audited... Your chances are even higher if you start making really good money. And in an audit... Your odds are not that great.

We all know that in Las Vegas the odds are in the casino's favor. But you probably didn't know that the IRS also has the odds slanted their way.

THE IRS WINS 88% OF AUDITS, BUT IT IS NOT CHEATERS THEY ARE CATCHING… IT'S REGULAR PEOPLE.

According to the IRS's annual report, they won almost 9 out 10 audits last year. And when they win, they collect additional taxes. That means only 1 in 10 taxpayers ended up not owing more money after their audit. Those aren't good odds for you and me. Especially when you learn that...

THE #1 REASON THE IRS WINS SO OFTEN IS SILLY. IT'S SOMETHING YOU COULD EASILY COUNTERACT.

See, when you sign your tax return there is something interesting in the small print. You swear under penalty of perjury that you had kept detailed mileage logs and good records of expenses, including receipts...

So, when you get audited and the IRS asks to see those documents, AND YOU DON'T HAVE THEM... You get NAILED! It is an easy win because you have entrapped yourself with your own words.

Think of an audit like a criminal investigation. If you were a suspect in a murder case, the first thing the detective asks for is your alibi. A good alibi will prove that you are not guilty. The IRS operates the same way. They want proof of your expenses and deductions. However, in an audit you are assumed guilty until you prove your innocence! And by the way, a credit card or bank statement will not be enough for the IRS.

If you don't have receipts and mileage logs then your deductions can be disallowed. And you'll have to pay back all the taxes you would have owed plus penalties and interest. An audit can be devastating to your business and family. But it's big business for the government.

In fact, the IRS uses half of its budget on audits and enforcement. Recently they had some budget cuts. In response, they started doing less 'in person' audits and started sending out audits via the post office. And it is working!

They collect $30 for every $1 they spend on these audits by mail. That's a 3,000% return on investment!

So, audits aren't going anywhere. In fact, with a return on investment like that, I wouldn't be surprised if they didn't crank up the heat.

Doesn't it seem a little odd that we are not taught to keep good records? Why doesn't the IRS send you a letter when you start a business and tell you what they expect? Could it be that they like their 3000% ROI? We will never know... but it feels like a perfect set-up to me.

If you don't have good records then you can get caught without a good alibi and your deductions can be disallowed. If a deduction gets disallowed you'll have to pay back all the taxes you would have owed plus penalties and interest. A penalty for civil fraud can be as much as 75% of the taxes owed! And don't forget, these totals could accumulate for up to six years if the IRS goes back that far. If they found that you owed an extra $15,000 in taxes, and they tacked on a 75% penalty, that means you could owe as much as $26,250.

Audits can cause financial hardship and even bankruptcy. It can be devastating to your family and your way of life.

So, let me show you how you can put this fear away forever! Do you want to have the peace of mind to know that in an audit you could get the IRS to back off quickly and without any issues? Let's learn the anatomy of a solid tax alibi.

LET'S LOOK AT WHAT YOU NEED FOR VEHICLE DEDUCTIONS.

There are two ways to deduct expenses for your vehicle. You can either deduct your car's expenses OR you can take the standard mileage rate deduction. Either way, you are required to keep a mileage log.

In this mileage log you are supposed to record the beginning and ending odometer readings for the year. You're also required to keep a log or a journal of every business stop you make that you're claiming on your tax return. Let's say you're going to go visit a client. In your journal you would write down:

- The beginning address and the ending address plus
- The total mileage of the trip. And here's the kicker...
- You must write down a detailed business description of who you met with...
- And... what you talked about that justifies it as business!

Do your mileage records look like this? My guess is they don't...

NEXT LET'S TALK ABOUT EXPENSES...

IRS regulations require you to keep copies of receipts for almost every expense you claim on your tax return. There are one or two exceptions to this rule but by and large you most likely will be asked to produce receipts in an audit.

The important take away is that the IRS won't accept credit card statements as good enough proof.

They want receipts and solid alibi's... By the way, the government is fine with digital copies of receipts. But you better be prepared to have them in an audit.

In addition, some expenses require additional information. For example: meal expenses require you to document the information listed below...

W Who you met with? *John Appleseed*	**W** What type of expense? *Meals*
W Where you ate? *Winger's*	**W** When was the meal? *January 18, 2018*
W Why was it business?* *Asked John to invest in my new orchard.*	**H** How much did it cost? *Enter full amount (including tip).*

In this example, all the information is crucial. If you don't have detailed explanations of your business meals then the IRS can disallow them on the spot in an audit.

I want you to notice something. If you have used accounting systems in the past, you will easily recognize that even the most popular accounting systems in the world are not set up for tax compliance. They are good at keeping track of your money, but fall short in audit protection. This makes it easy for an auditor to collect when they come knocking at your door.

If you want to have peace of mind that you could stop even the smartest IRS auditor in their tracks, you need to check out our Taxbot app. It's designed to automatically track mileage, expenses, and receipts according to IRS standards.

**Give specific reasons like: Asked for referrals. Discussed a certain product. etc...*

INSANELY BETTER VEHICLE DEDUCTIONS

1

In the US, there are two ways the IRS allows you to deduct your vehicle:

The easier and more conservative way is called the IRS method. The other method, called the actual method, is discussed at the end of this section.

IRS METHOD (THE EASIER ONE)

The government gives you a 57.5¢ deduction in 2020 for every mile you drive for legitimate business purposes (defined later in this article). Under the new legislation this will rarely be the better way to write off your vehicle expenses. Unless, you have owned your car for a very long time and don't want to buy something else to drive.

EXAMPLE

	Conclusion
Your Car Averages 20 MPG	**It costs you $2.50 to drive 20 miles**
You Drive 20 Miles on 1 Gallon	
Gas Costs an Average of $2.50 Gallon	

If you drive those 20 miles for a legitimate business purpose, then the IRS gives you a deduction of $11.50 (20 miles x 57.5¢). Or in other words, it lowers the amount of income you have to pay taxes on by $11.50.

To find out how much that saves you in taxes at the end of the year, all you need to do is multiply it by your tax bracket. We will use an average tax bracket of 35% (includes state and federal) for this example. That means that you saved $4.025 on your taxes ($11.50 deduction x 35%).

CONCLUSION: If gas cost you $2.50/gallon, then you actually made $1.525 net cash by driving 20 miles.

Over time, that can add up to a lot of money. If you drove 15,000 miles you would save over $2,800 in cash for the year. Can you see that when you are using your car for business it costs you nothing? You are getting your gas for free.

NOTE: It can cost you $4.025 or more per day if you don't keep a complete mileage log. That's over $1,400 in the course of a year.

THE ACTUAL METHOD

There is another method for deducting your car called the actual method. It is calculated just like its name implies. At the end of the year, simply calculate the total costs for driving your car. Then you multiply that sum by the percent of the miles you drove for business compared to the total mileage. Look at the example on page 15...

Now remember that a deduction doesn't equal cash. So, let's assume you are in the 35% tax bracket.

Your cash saved at the end of the year is 35% of $10,011.24 = $3,503.93

But we are not done yet. With the actual method, you can claim an additional deduction for your depreciation. We won't get into how depreciation works in this chapter. But, under the new tax laws you can depreciate your cars much quicker. Here are just a few highlights from the new tax laws...

Qualified trucks can still be 100% depreciated in the first year. To be qualified, it must meet all the following criteria:

- It must be on a truck chassis.
- You must buy it in the same year.
- It must not have any rear seating.
- It must have a six foot or greater cargo area.
- It must have a gross vehicle weight of 6,000 lbs. or more.
- It must NOT have rear seating. If your truck has back seats for passengers, then you might still qualify under the next section.

EXAMPLE

Total Miles Driven for the Year	24,000
Total Miles Driven for Business	22,000
Business Use Percentage	92%
	Total Costs
Gas & Oil Changes	$4,992.00
Insurance	$1,200.00
Repairs & Maintenance	$1,200.00
Tags & Licenses	$150.00
Wash & Wax	$230.00
Other	$50.00
Total Operating Expenses	**$7,822.00**
Multiplied by Business Use	92%
Deduction	$7,196.24
Add-In Depreciation	$2,815.00
Total Deduction	**$10,011.24**

Qualified vans and SUV's can also be 100% depreciated in the first year. However, this rule phases out over time. But in 2018 there is a rule that gives you temporary bonus depreciation for these vehicles. To qualify, they must meet some of the same criteria as trucks. Although slightly different. Here are the requirements:

- It must be on a truck chassis.
- You must buy it in the same year you claim the depreciation.
- It must carry passengers.
- And finally, it must have a gross vehicle weight of 6,000 lbs. or more.

Even if you don't buy one of the qualified vehicles mentioned above, the new tax law will benefit you. Because in the past, expensive cars took a long time to depreciate. Under the new tax law, you can depreciate them much quicker. Just by way of example, under the old law a $50,000 BMW sedan would have taken 18 years to depreciate if you drove it 100% for business. Under the new law, it would take only 6 years. So, you will certainly see more business owners driving nicer cars now.

Remember, depreciation is an expense you get to claim in addition to the cost of operating the vehicle. Costs like gas, oil changes, repairs, car washes, and more.

THE #1 AUDITED EXPENSE

Vehicles are the #1 audited expense. Why? Because regardless of which method you use for deducting your car, you need to keep a good mileage log! For decades, smart business people kept a clipboard in their car so they could write down this information every time they got into their car. Recording mileage can be tedious if you keep track of it on a clipboard. But if you use Taxbot to automate it, then it's a snap. See the last chapter if you want to see how we automate your tracking.

Back to audits for a second. When you sign your tax return you do so under "penalty of perjury" that you have the backup information to prove it! The IRS does not mess around when it comes to automobile deductions. So if you sign your return, which says you have the backup information, and you can't produce those records in an audit, then you get nailed. It's an easy win for the IRS.

SO, WHAT QUALIFIES AS BUSINESS DRIVING?

First, you need to answer a question: Is your principal place of business your home or is it an office that you commute to? If you are not sure, check out the chapter on home office deductions.

OPTION 1:
HOME OFFICE AS PRINCIPAL PLACE OF BUSINESS

If your home is your principal place of business (as defined in the section on home office), then all business stops from your home are deductible. So trips to the bank, clients, office supply store, etc., for that business, are all deductible. Therefore, if you have a qualified home office then your mileage is easy to determine as business. So you can skip ahead to the section "Turn Personal Mileage Into Business Mileage".

There is one major exception: if you have a regular job in addition to your own business, then the direct commute to your job is NOT deductible.

OPTION 2:
YOU COMMUTE TO YOUR MAIN OFFICE

If your principal place of business is an office other than your home, then a direct commute from your home to your office is not deductible. However, with some planning you can turn it into a deduction by making some temporary business stops on the way to the office.

DEFINITION: TEMPORARY BUSINESS STOP

A stop that you do not make regularly and that you will not be visiting frequently for more than a year. Since you are expected to go to the bank or post office regularly for years to come, this is not a temporary business stop. However, visiting a client or prospect would be considered a temporary stop.

EXAMPLE 1

You go from your home to meet a prospect somewhere other than your office, which is your principal place of business. Then you go to stops A, B, and C (all related to your business) and then into the office. All of your mileage would be deductible since meeting the prospect was a temporary stop.

EXAMPLE 2

You leave your house and go to the post office. Then you proceed to A, B, and C and then to the office. Your trip to the post office would not be deductible because it's a regular business stop and not temporary. However, all the mileage after that would be deductible.

TRIPS OUTSIDE YOUR METRO AREA

If you make legitimate business stops outside of your normal business area, then all round-trip mileage is deductible as long as you will not be there more than a year.

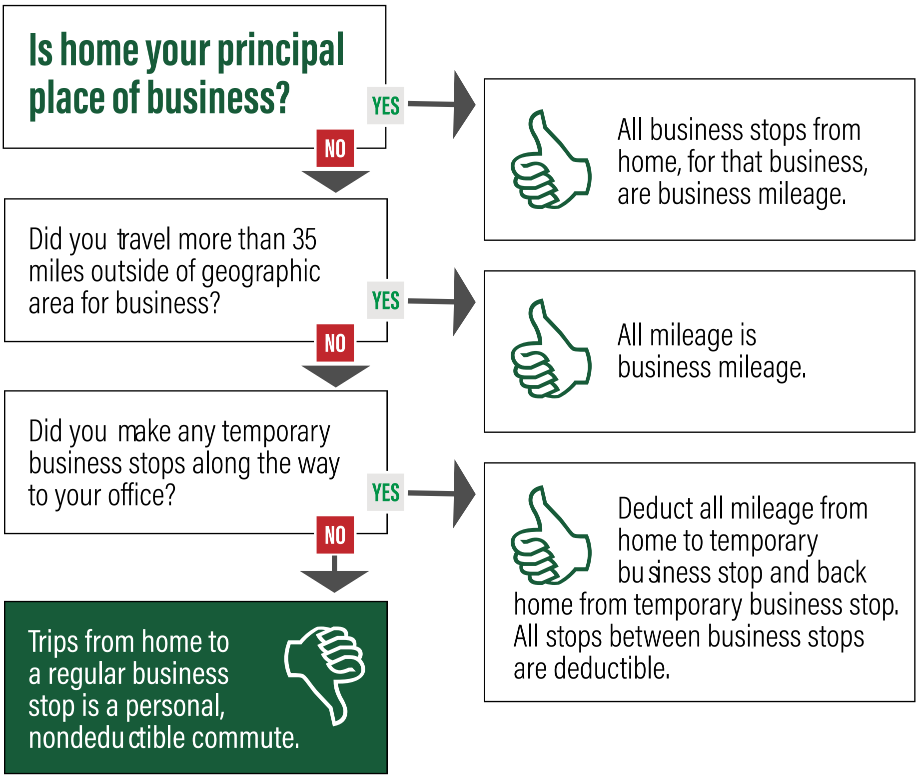
EXAMPLE

You live in Denver but attend a convention in Salt Lake City. All the mileage to that convention would be deductible since it's outside of your normal geographic area of business. However, if you were stationed in Salt Lake City for a project that is expected to last more than a year, then the mileage wouldn't be deductible.

TURN PERSONAL MILEAGE INTO BUSINESS MILEAGE

Successful business owners know that there are opportunities everywhere for those willing to find them. You might want to learn to mix business with pleasure.

For example, let's say you want to drive across town to visit your mom. Visiting your mom is not a business trip. However, ask yourself, "do I have a client or a prospect near my mother's house?" If you do, set up an appointment and do a little business on the way there or back. (*Note: You should prearrange the appointment.) The mileage to and from the client could now become deductible. Therefore, the only portion of the trip from the client to your mom's house is personal. You just saved some money.



TAXBOT TIP

With automatic mileage tracking, Taxbot can sense when you are driving and track your trips in the background... so you don't have to remember to do it. We automate the tracking and most of the compliance. Check out the section about Taxbot at the end of this book to see how we saved over 20,000 people more than $10,000 each in taxes last year... and did it with very little effort on their part.

MEALS AREN'T THAT ENTERTAINING

2

Sharing a meal with a prospect or a client can be a great way to grow your business. For centuries people have used this technique. But did you know that many of your meals could be tax-deductible? When congress created the new tax law, they removed the deduction for entertainment, but meals are still deductible! Entertainment is definitely no longer deductible. That was one of the big changes. Taking clients out to sports games, plays, golf, and other types of entertainment are no longer deductible! I am surprised the NBA and NFL didn't lobby harder on this point because it will make it more difficult to sell tickets to businesses now that they can't write it off.

The great news, however, is that meals with a prospect or client are still allowed. The law allows for a 50% deduction of your meals. Let's explore some nuances of the law.

https://www.irs.gov/newsroom/irs-issues-guidance-on-tax-cuts-and-jobs-act-changes-on-business-expense-deductions-for-meals-entertainment

Let me ask you a couple of serious questions:

- Who is a potential prospect for your business?
- Who can give you referrals?

The answer is everyone. So, if you follow the rules we will show you, you will be able to deduct many of the meals you eat out.

THE IRS ALLOWS YOU TO DEDUCT 50% OF MEALS

If you take a client out and spend $100 on a nice steak dinner, and you follow the rules outlined below, then you could deduct $50 of the meal. Remember if you are in the 35% tax bracket then this will save you $17.50 in cash at the end of the year ($50 x 35%).

How do you know if your meal qualifies as a deduction? This subject can be confusing, so let's turn you into an expert right now. There are some simple rules to help you differentiate.

- You must have the appointment set up in advance, and whomever you are eating with must expect to talk about business.
- You must talk about business before, during or after the meal.
- You must eat in a place that is easy to talk about business.
- The expense must be recorded soon after the meal.

W

Who did you take out to eat?
their full name

W

Where did you eat?
name of the restaurant

W

When did the expense occur?
date of the meal

W

Why should this be considered a business meal?
**be specific*

W

What was the expense?
business meal

H

How much did the meal cost?
enter full amount including tip

WHAT ABOUT EATING OUT WITH YOUR SPOUSE?

Unfortunately, you cannot deduct eating out with your spouse. Even if they are your business partner and you discuss business, the IRS has disallowed this deduction.

There are a few exceptions though. If you go out with a client or prospect and they bring a significant other, you can bring your spouse or companion and deduct 50% of your companion's meal. However, if the client or prospect doesn't bring a significant other, then your significant other's portion of the meal is not deductible UNLESS both you and your spouse will be working on a project for the prospect. Thus, if you are both real estate professionals that will both help sell a client's home, you can both meet with the client even though he or she doesn't bring their significant other along.

TAXBOT TIP

Remember in the forward, the info on having a good alibi? Meals and entertainment is one of the most audited categories because most people do a terrible job of documenting the 5 W's and an H. Here is another shameless plug for our software. Taxbot is one of the few expense/accounting applications that was built for compliance. See the Taxbot section at the end of this book to see how we can automate the compliance so it can take less than 12 minutes/month.

IF YOU DON'T DOCUMENT YOUR DEDUCTIONS REGULARLY… YOU WILL PROBABLY FORGET ABOUT THEM.

YOUR HOME OFFICE GOLDMINE

3

One of the least understood tax deductions that many small business owners qualify for is the home office deduction. If you qualify, the home office is a catalyst that can bring you deductions on many things that you never thought possible. In fact, you may have heard that the new law limits your deduction for property taxes and mortgage interest. But, by having a home office, many of the people that would be impacted by these limits can find some savings using a home office. We will explain in a minute. But first, let's talk about the methods for deducting a home office.

THE QUICK & DIRTY METHOD

In January 2013, the IRS created a very simple way to claim a home office. You still have to qualify (which we will discuss later), but if you do qualify then you get a deduction of $5/sq. ft. for your home office. (This method is capped at 300 sq. ft. for a total deduction of $1,500.)

EXAMPLE

If you have one room in your house and it is 12' x 12' in dimension, then you have 144 sq. ft. Multiply that by $5 per foot and your deduction is $720. Remember the deduction is not cash. To find out the cash savings let's assume a 35% tax bracket.

$720 X 35% =
$252 CASH SAVINGS

The problem with the Quick & Dirty Method is that it is in lieu of the normal home office deductions. Thus, you don't get depreciation, or an allocation of interest or property taxes to your home office. However, you still need to meet the same qualifications for a home office as with the method we'll discuss below.

THE MORE PROFITABLE WAY TO DEDUCT YOUR HOME OFFICE

Let me show you another way to deduct your home office. It has the same qualification requirements as the quick and dirty method, but it is calculated differently and it can be much more profitable.

If you qualify then you can deduct a portion of all expenses relating to your home office including: mortgage interest, * general repairs, rent (if you don't own your home), real estate taxes, utilities, homeowners' insurance, and depreciation of your home. (Did you notice that I said you could write off portions of property taxes and mortgage interest? At the first of this section we highlighted some changes to the tax code that limited deductions for property taxes and mortgage interest). Well if you were going to lose some deductions because of the new limits, you could recoup your savings by writing off those things through a home office deduction.

A legitimate home office can also increase your vehicle deductions significantly if your home qualifies as your principal place of business. I know that seems like it's unrelated but it's true.

THE BASICS

Let's assume that you have a qualified home office (discussed below) that makes up 15% of your total square footage of your home. This means that 15% of many of your current expenses associated with your home can be deducted.

EXAMPLE

For more information, see the chapter on vehicle deductions. But first, read on to find out if you qualify for the home office deduction.

As the chart on the next page shows, you would get a $2,640 deduction. If you were in the 35% tax bracket, then it would save you $924 on your tax bill at the end of the year.

$2,640 X 35% =
$924 CASH SAVINGS

**The deduction is better as a business deduction than it is as an itemized one on your tax return.*

	Total	Home Office Deductions (15%)
Mortgage Interest	$10,000	$1,500
Real Estate Taxes	$1,200	$180
Utilities	$4,800	$720
Homeowners' Insurance	$500	$75
General Repairs	$500	$75
Lawn Care/Pest Control	$400	$60
Office Repairs	$200	$30
Total	**$17,600**	**$2,640**

Every home office is different. You will need to figure this out for yourself by taking the square footage of your home office and divide it by the total square footage of your home.

HOME OFFICE SQUARE FOOTAGE
÷ TOTAL SQUARE FOOTAGE OF HOME
= HOME OFFICE DEDUCTION PERCENTAGE

TAXBOT TIP

If you get audited, you will have to prove that your home office was used exclusively for business. We suggest you take a picture of your home office. Make sure you don't have anything in the office that is not business related.

MYTHS

Let me dispel a myth about claiming a home office. Have you heard that, "claiming a home office is a red flag that will increase your chance of an audit?" I don't know where this rumor started but it is absolutely not true. One long-term study we participated in showed no significant increase in a chance of an audit when claiming a home office.

THE ONE LIMITATION

One of the bad things about a home office deduction is that it cannot be used in the same year to create a loss in your business. So if your business has a net profit of $2,000 and your home office deduction is $2,400, then you can only use $2,000 of it that year and the other $400 can be carried over to another year.

DO YOU MEET THE 3 QUALIFICATIONS?

> You have a clearly defined portion of the home that you use EXCLUSIVELY for your business. This means you don't use it for anything else. You can't use your pool table as your desk in the recreational room unless you never use the pool table except as your desk for business.
>
> It is your principal place of business. In other words, you do most of your administrative and management tasks from home. Sales tasks can be done elsewhere if you wish, but the administrative or management tasks for the business must be conducted from your home.
>
> You work regularly out of your home office. This means you work 4-5 days a week for stretches of at least 45 minutes to an hour each time. It is very important that you work regularly on your business. The IRS doesn't like to see someone working 8 hours a day every couple of weeks. They can disallow your deductions and classify you as a hobby instead of a business.

Thus, if you have a home-based business but only work on it once every couple of weeks, you will not qualify for the home office deduction.

DEPRECIATE YOUR HOME

If you claim a home office, you can also depreciate your home office. If you know how much depreciation can be, you know that this could be significant from a tax savings perspective.

It's true that you will have to pay some tax on any amount that you have depreciated when you sell your home. For example, if you depreciated $10,000 on your home then you will have to pay taxes on that $10,000 when you sell it.

By depreciating the home office, you can invest that money. Chances are you can do better investing that money than you can by giving it to the government.

If you don't understand what depreciation is, please talk to an accountant. It is too deep a subject for us to address in this article.

TAXBOT TIP

Even if you don't claim a home office you can still depreciate equipment used at home for your business.

HIRE YOUR KIDS FOR TAX SAVINGS

Do you have kids? Does it seem like there is always a hand extended asking for money for this or that? Kids can be expensive, but we love our kids so we are happy to spend the money for things they want and need.

Do you catch yourself wishing you could find a pot of gold so you could help cover the costs of many of their activities? Hopefully we can show you how you can save big starting this year. And, as you will see later, under the new tax law this got even better.

HIRE YOUR KIDS

Seriously. If you own your business, there are things your kids can do for you. Here are just a few examples...

- File paperwork and clean the office
- Lick envelopes & send out mailers, products or samples
- Drop off flyers and brochures
- Answer phones and email clients
- Manage social media

If you were to put an advertisement online or in a newspaper and hire an employee, wouldn't that be a deductible expense? Well, why not hire your kids instead? Most parents just fork over $50.00 to Johnny for his video games or $150.00 for Sara's dance lessons.

Smart business owners realize that if their kids do necessary work for their business, they can be paid a reasonable wage and pay for things themselves. This way you get to deduct the wages. It's the same money, only in this case you get to deduct the cost and in the other case, you pay full price! Not to mention, your kids are earning the money.

EXAMPLE

Your 16-year-old daughter Sara wants to take dance lessons that cost $150.00 per month. In the past, you have faithfully paid $1,800 a year for the lessons. But, if you hire her to file paperwork and manage your social media and pay her a reasonable wage, she can pay for her own lessons.

If she makes $1,800 that year and you get to deduct it, then you come out ahead. Let's assume you are in a 35% tax bracket:

$1,800 X 35% =
$630 CASH SAVINGS

THE RULES

- Your children must be age 7 or older. *(The benefit here is you can hire your younger kids without worrying about child labor laws.)*
- You must pay them a reasonable wage.
(You cannot pay your kid $100/hour to do work.)
- You must have meticulous time sheets and records.
- If you pay your child more than $12,000 a year, they must pay taxes.
(Make sure you set this up with an accountant to ensure you are compliant.)
- They must file their own tax return.

THE FIRST $12,000 IS TAX FREE

Under the new tax law, the standard deduction in 2020 is $12,400. That means if your child earns less than $12,400 in 2020, they don't have to pay for any taxes because they will qualify for a personal exemption on their own tax return. If you pay them more than $12,400, then you must pay unemployment taxes and federal and state income taxes.

https://www.irs.gov/newsroom/irs-provides-tax-inflation-adjustments-for-tax-year-2020

EXAMPLE: MY PERSONAL STORY

My daughter was in college majoring in digital design. I decided I wanted to build a new website for my business and I had a professional web design firm quote me on doing the work. Their bid at the time came in at $40,000.

I approached my daughter, who definitely had the skill set to build my website (an important factor in justifying the hire), and asked her if she could build it for slightly less than the professional design firm. She agreed and I paid her enough money to cover 2 years worth of tuition and room and board!

I saved more than $15,000 in taxes by hiring my daughter rather than paying for her education outright.

TAXBOT TIP

Take a picture of each timesheet and attach the picture to that bank transaction or the check ID in Taxbot. You will want to keep all timesheet pictures as proof in case of an audit.

5

DEDUCTING THE TOOLS OF YOUR TRADE

Generally, all businesses require tools for success. They range from construction tools to computers and printers. Uncle Sam lets you deduct equipment that you need for your business. To make this expense election, the tools (such as computers) must be new to you. It doesn't need to be new equipment - it just needs to be new to you.

TWO METHODS TO DEDUCT FURNITURE AND EQUIPMENT IN YOUR BUSINESS

DEPRECIATION

Normally, you get to write off a percentage of the cost each year over a specified time period. This is called depreciation and the IRS publishes rules for different types of equipment. For example, the IRS says that most furniture can be written off over a 7-year period while computers and printers can be written off over 5 years.

EXAMPLE

Assume you buy a new computer that you are going to use 100% for your business. The cost of the computer was $1,000. According to the IRS, if you deduct the cost you must do it over 5 years. So this means that you can deduct $1,000/5 years = $200 per year for each of the next 5 years.

SECTION 179 DEDUCTIONS

One of the best depreciation options the IRS provides is the Section 179 deduction. You don't need to know what the name of it means. All you need to know is that it allows you to write off 100% of qualified equipment in the year you purchase it rather than over time. The latest tax law increased the limit for how much equipment you can write off to $1,000,000 per year, as long as the total assets purchased are less than $2,500,000.

EXAMPLE

Let's say you bought the same computer above for $1,000. If you use the 179 deductions, then you can deduct $1,000 this year rather than the $200/year over 5 years. That means you get your cash savings earlier. Also, you don't need to pay cash for the equipment in order to write it off in one year. If the equipment is financed, you still get the deduction for the whole purchase price.

TEMPORARY BONUS DEPRECIATION

Another change to the law increased something called bonus depreciation. The end result is similar to the 179-deduction mentioned above. However, it is a different deduction and, as its name implies, it is temporary. The new law allows up to 100% bonus depreciation on qualified asset purchases in the first year. However, the rate drops to 80% in 2023. Then it drops to 60% in 2024. Then it drops again to 40% in 2025. And finally, it drops to 20% in 2026. This temporary bonus depreciation will especially benefit you if you are going to buy a qualified van or SUV. See the vehicle section for more details.

TAXBOT TIP

If you need to buy equipment, the next couple years have some very special rates that could save you a ton of money on taxes.

OFFSET THE COST OF HEALTH INSURANCE

6

Healthcare is a hot topic these days. If you are like most people, you got a letter last fall telling you that your insurance premium is going up 25% or more this year. Are you frustrated with the rising cost of insurance? If you are self-employed there may be something you can do about it.

The first thing to know is that there are two types of medical expenses. The cost of your monthly insurance payments called premiums... and everything else. And there is a little-known way to lower the costs of these expenses.

In this section, we are going to show you how to lower your health insurance costs by 15%. Plus, show you how to write off all your out-of-pocket medical expenses including:

- Co-pays
- Deductibles
- Chiropractic care
- Braces and Orthodontics
- Corrective eye surgery
- And almost any other service you can think of... even stuff insurance never covers!

How do we lower the cost of these expenses? It all comes down to a simple tax law. It is a tax law that could save you $5,000 or more on your taxes - that would help offset your rising insurance costs.

In 1955 there was a provision added to Section 105 of the IRS tax code. This section allows a particular group of self-employed individuals to write off 100% of their medical expenses.

Not everyone qualifies. But if you do, it can save you serious cash. This provision is most commonly referred to as a Health Reimbursement Arrangement (HRA). I will show you how it works in a minute. But first, it's important to understand what the normal rules are before you can appreciate how the HRA works.

Under the new law, you can deduct medical expenses only AFTER they exceed 10% of your income. For example, if you make $100,000 then you can deduct medical expenses after they exceed $10,000. *(In 2017 and 2018 they had dropped the threshold to 7.5%)*

If you had $10,000 in medical bills, then the 10% rule would allow you to write off none of that. But if you qualify to use an HRA, you can legally skirt the 10% rule and deduct all $10,000. How is that better? If you were in an average tax bracket of around 35%, it would save you $3,500 in taxes – even more if you are in a higher tax bracket.

In addition to the medical bills, it lets you save an extra 15% on your health insurance costs. See, deducting the cost of your monthly insurance premium is standard practice. But, it is usually done on your personal tax return. When you set up an HRA, it changes it from a personal deduction to a business deduction. And that change allows you to avoid paying 15.3% self-employment taxes. So you get a deduction that will save you the equivalent of an additional 15% of your premiums on your tax return.

Total Administration Services Corporation (TASC) is a third-party company that that manages tens-of-thousands of HRA plans for self-employed people. According to them... "This strategy saves their HRA customers an average of $5,984 in taxes each year."

So how does it work? First a qualified business puts in place a formal written policy and plan that complies with federal laws. The plan works like a tuition reimbursement program for employees, only it is for medical expenses.

The company agrees to reimburse employees for medical expenses that are not covered by insurance. Employees submit receipts for a medical expense and the company reimburses the employee. Because this is offered as an "employee benefit" the company can deduct the cost. If you are a corporation then you can be the employee. If you are a sole proprietor or an LLC, you could consider hiring your spouse part-time in your business to qualify.

So, you might be asking "why haven't I heard of this before and why isn't the media talking about it?"

Because one of the stipulations of the law states that you must offer it to ALL employees, it wouldn't make sense for larger companies because they simply couldn't afford it. It would be too risky. But, for a small business owner like you, it may work great.

If you are self-employed (or run a family business), you will be paying for your medical expenses anyway... So, it works great for small family businesses or self-employed people.

There are hundreds-of-thousands of businesses in the US that have these plans. So, if you are wondering if it is legitimate strategy... you can rest assured. This has been upheld in courts and is a completely legal strategy approved and accepted by the IRS. It is written right in the tax code. Let's illustrate with some examples.

EXAMPLE 1

James Christensen is married and has 3 kids. He makes about $100,000/year. With kids in braces and his wife's corrective eye surgery, he expects to spend $10,000 on out-of-pocket medical expenses.

Without a plan: He wouldn't be able to deduct any of the $10,000 because of the 10% federal income deduction rule.

With an HRA plan: He would be able to deduct the entire $10,000. That would save him an estimated $3,500 in taxes assuming a 35% tax bracket. Plus, he spends $1,200 per month on insurance premiums. With an HRA he will be able to deduct an additional 15.3% of the premium cost, which equals $2,200.

In these examples, they spend the same money on medical expenses. But with an HRA they get a write-off that comes back in cash at tax time!

EXAMPLE 2

Sheryl Thacker is single woman age 50. She makes $55,000/year in direct sales. Sheryl had to have surgery this past year, and after her insurance paid their portion of the bill, she was left with having a $4,000 bill.

Without a plan: She wouldn't be able to deduct any of the $4,000.

With an HRA plan: She would be able to deduct the entire $4,000. That would save her an estimated $1,000 in taxes assuming a 25% tax bracket. Plus, she would get to deduct an additional 15.3% of her $500/month insurance premium. And that would produce an additional deduction of over $900.

In these examples, they spend the same money on medical expenses. But with an HRA they get a write-off that comes back in cash at tax time!

HOW DO YOU START A PLAN FOR YOUR BUSINESS?

The easiest way to do this is to use a third-party administration company to handle it. These plans have to stay in compliance with ever changing healthcare laws. So, unless you are an expert in tax and employment law, it would be a waste of time to manage one on your own.

In the past, these plans have been a paperwork nightmare to manage... this turned many people off to the idea. Most third-party administrators provide a cumbersome web portal for submitting documents. These sites require you to upload many documents from different sources for each expense. They require a bill, proof of payment, proof of insurance contribution, etc... It is a slow, tedious process.

The good news? We have finally found a company that has simplified the process to make it manageable! We whole-heartedly recommend Total Administration Services Corporation (TASC) to our clients. Why? Because they understand you have a business to run and you don't need extra paperwork. Leveraging technology, they've figured out how to make it painless.

At TASC they provide you with a specialized debit card that you can connect to any bank you choose. The reason is brilliant: now they can process the transaction.

By running it through their card they have first-hand information about the expenses. So, they can do all the paperwork for you. You don't have to do ANYTHING besides swipe your card when you pay for a medical expense - and that's it! Nothing more!

You don't have to spend hours compiling documents or searching for insurance forms, receipts, and bank statements. All you do is pay for medical expenses with the card and they take care of the rest. It is one of the easiest things you can do to save on your business taxes!

HOW TO FIND OUT IF YOU QUALIFY FOR AN HRA

TASC and Taxbot have worked together to create an online quiz for you to quickly find out if you could qualify for an HRA. Go to this link to take the quiz, request some more information, or set up a time to see if you could qualify.

HRA.TAXBOT.COM

If the HRA doesn't sound like it will work for you then you can always do a Health Savings Account or an HSA. These are pretty common these days, so I won't spend a ton of time on it here. Basically, you can contribute up to $3,550 per year to a special savings account and deduct the contribution. The catch is that you must use that money for healthcare expenses in the future. But you can build up a nice balance over time to use for medical expenses.

7 A GOOD OFFENSE & DEFENSE AT AUDIT TIME

AUDITS SKYROCKETING

IRS Agents are no longer limited to in-person interviews. An agent can simply mail you a demand letter and you are required to send them your deduction records for whatever they ask for; including your mileage logs, receipts, or your tax diary.

This means that an IRS agent can send out hundreds of letters at one time. If you are an independent contractor or own a business, you are as much as 700% more likely to be audited than the average tax payer and this percentage is probably going to go up now that agents don't have to be present.

NINE WAYS TO REDUCE YOUR CHANCE OF AN AUDIT

If you are like most people, you have an inborn fear of the IRS audit. But as the saying goes, "if ye are prepared ye shall not fear!" Here are nine things you can do to help reduce your chance of an audit.

File your tax return electronically or send it in using registered mail/Fed Ex: The reason is that if the regional IRS center doesn't get your return then they might audit you to find out why! I strongly recommend your accountant files it electronically. Also, the IRS announced that filing electronically over that of using paper, provides a much faster refund.

Make sure the IRS has your correct address: If you move, fill out IRS Form 8822, "Change of Address". Several years ago, USA Today reported that the IRS had $78 million in refunds, but they couldn't find those people.

Make sure your tax return is neat: I met a person who thought that if the IRS couldn't read his return, they wouldn't audit him. This is absolutely false! The return must be neat and easy to read or the people who input the information into the IRS computers might input the wrong information which could trigger an audit.

Report all your income: The IRS has implemented various sophisticated software programs to find people who don't report all their income. Make sure that your tax return reports all income you earned and identifies the income by source. Don't try to hide income from the IRS.

Have your return prepared by a competent tax preparer: Studies show that people who do their own tax return have over twice the error rate of that of a tax professional. The IRS knows this. Which means that if you do your own return, you could be increasing your chances of an audit; not to mention the competent tax professional probably knows more than you and might find you more deductions.

Break your income and large expenses into smaller segments: Break down large ticket items to explain to the examiners exactly what was involved in the expenses. For example; if you claim $25,000 of computer expenses, you would probably trigger an audit. However, if you attach an explanation showing that the $25,000 was comprised of computers for thirty new employees, then it looks reasonable.

Keep records of expert advice received: If you relied on the advice of your accountant or lawyer, keep records as to the nature and date of the advice. There are cases in which penalties have been waived for a good-faith reliance on an independent expert.

Don't die: The governments in both U.S. and Canada audit about 68% of all final returns. The only good thing about dying is that you do not have to show up at the audit.

Be careful of what you tell other people: The IRS pays up to a 30% commission for people to rat on you. If you want to make a living reporting tax cheats, get IRS publication 733, "Rewards for Information Given to the Internal Revenue Service." Thus, don't tell people about what you are doing with your taxes. Even if you are doing everything correctly, if someone thinks you are cheating and reports it to the IRS, they might audit you.

The top rats in the country are:

- Ex-spouses
- Disgruntled boy or girl friends
- Disgruntled employees
- Ex-partners
- Competitors

TAXBOT TIP

If you get a wrong Form 1099 or W-2, contact the company or person who sent the wrong form and ask for an amended form. If they won't do that (e.g. they are out of business) you still should report the full amount on a separate attached schedule and back out the amount that is incorrect, showing the reason for the error.

NOTE: Maybe I am crazy, but if the situation was reversed and the IRS wanted money from you, don't you think they would find you? Filing a change of address is very important not only for refunds but in case the IRS needs to send you an important notice.

If you move, you may be liable to the IRS without knowing it because you didn't provide a change of address. The IRS is only responsible for sending notices to the last known address of the taxpayer.

WHAT TO DO IF YOU ARE AUDITED

ASSUME THAT YOU WILL BE AUDITED WHENEVER YOU PREPARE YOUR RETURN

The time to get ready for an audit is when you are preparing your information for your tax preparer to do your tax return. Make sure you are organized so, if you are audited in 6 years, you can easily find and explain everything. Letters or memorandums from your accountant, if any, should support questionable items.

DON'T AVOID THE AUDIT

An audit notice doesn't mean that you did anything wrong! It is simply a request by the government to find out if your return was prepared correctly. Generally, you will be notified by mail. So, don't skip town or do anything to get out of it. That makes you look guilty.

TRY TO LIMIT THE SCOPE OF THE AUDIT

The audit notice will tell you exactly what is being audited. Only bring the information that addresses these problems and nothing else. Otherwise, you might encourage a fishing expedition by the agent to look into other matters.

UNDERSTAND THAT THE BURDEN OF PROOF IS ON YOU

Tax law requires you to prove your deductions are valid. The IRS needs to prove nothing. You are not innocent until proven guilty here. Here is where using Taxbot shines in that proper use of it will meet that burden and reduce the time it will take for the audit.

DRESS NORMALLY FOR THE AUDIT

Don't make a special trip to Goodwill Industries to buy dingy clothes. Don't wear expensive clothes or expensive jewelry either. Examiners dislike people who look like they make a lot more money than they do. But they also don't like people trying to look like a charity case.

BE ON TIME FOR THE AUDIT

Burn this point in your head. IRS and CRA examiners are graded on efficiency. If you are late for your appointment and cause the auditor to be inefficient or to take a longer time on the audit than he or she should, you start the audit off on the wrong foot.

Typically, an agent starts examining your return about a half-hour before the audit begins to see what the problems are. If you are late, you are giving them more time to evaluate your return. The best bet is to be early!

BE AND ACT ORGANIZED

Make sure that you are prepared to answer questions and deliver any required proof of deductions to the auditor. If you look or act disorganized, they will think that much of the return won't have sufficient back up, which could result in a more in-depth audit. Also, better organization means a faster audit, which could bring this whole unpleasant task to a quick conclusion.

DON'T VOLUNTEER INFORMATION

Although I recommend that your accountant show up without you, sometimes your presence is necessary. If you attend an audit, you should NEVER elaborate on an answer. Keep your answers short and to the point. Finally, be very careful what you say to an auditor. This information can be used in a subsequent criminal trial.

ASK FOR TAX LAW REFERENCES

If you think you are right, ask the auditor or agent for the legal reference. Don't accept vague statements or interpretations of the law. Make your tax advisor the goat by saying, "My accountant told me that this deduction was proper (assuming this was the case)." "Can you give me something to show that he's wrong?"

DON'T BE ALONE WITH A SPECIAL AGENT

Special Agents are NOT special. Their job is to investigate criminal activities. If there are ever two agents to see you, ask whether either of them is a Special Agent. If so, terminate the meeting and seek out a good criminal tax lawyer. Many times, it is easier for the government to get you on the crime of lying to an agent than on the crime itself.

DON'T EVER TAMPER WITH THE EVIDENCE OR LIE TO AN AGENT

It is much easier for the government to get you on lying to an agent or tampering with evidence than on the crime itself. Thus, don't back date documents or intimidate witnesses.

TAXBOT TIP

There is no privilege protecting your communication with your accountant on criminal matters. Accordingly, never hire an accountant to represent you in criminal cases unless they are lawyers too. In addition, you should probably terminate any communication with your accountant since anything said to them can be obtained by the IRS in a criminal matter.

If you need to deal and communicate with your accountant, have your lawyer hire the accountant so that any future conversation is protected under the attorney-client privilege.

CONCLUSION: NOW WHAT?

Hopefully this short book has helped you realize that you've been missing out on a lot of money. There are 5 stages of grief that every entrepreneur goes through when they learn they've been overpaying their taxes.

1. **Denial** – You don't believe you've been overpaying because you've been using an accountant or "professional" online filing software.
2. **Anger** – The moment you realize that your accountant or software tool is usually just filing the paperwork and not being pro-active in helping you find new deductions to qualify for.
3. **Bargaining** – In this stage, you try to find a "new" accountant or someone else to handle your taxes and finances because you don't want to take on the responsibility to learn how to play the tax game. You want someone else to do it for you.
4. **Depression** – You realize that in order to get the attention or service you want from an accountant is almost impossible, unless you can afford to hire an accountant to work for you full time.
5. **Acceptance** – The moment you realize you accept the responsibility to learn how to play the tax game. Luckily this is only a lesson you need to learn ONCE in your career. After you know how to play, you'll be able to adjust your strategy as the tax law shifts with little effort.

Want to learn how to master the tax game and try to save $10,000 or more on your taxes next year? If so, then check out our Taxbot Midas Initiative program.

The **Taxbot Midas Initiative** program puts you in control of your businesses future by providing you with the information you need in order to save the money you deserve. Here's what you get:

- **Monthly Financial Workshop:** Each month you'll get a special invite to attend a private LIVE web-class with either Sandy Botkin, our chief education officer and former IRS attorney, or another financial expert. Each month, we'll take on a new topic and teach you EVERYTHING you need to know about that subject – nothing will be left uncovered.
- **Intimate "Ask the Expert" Opportunities:** At the end of each monthly training call, we'll open up the lines so that you can ask your questions directly to me, Sandy Botkin (or the guest presenter) to get answers. You'll also be able to listen in and hear the other questions in the group. I've found that many times, you'll learn more in these group Q&A sessions because other business owners will ask insightful questions that you may not have thought of.
- **Get FREE one-on-one consultations with a Taxbot Certified Tax Professional.** After each session, we'll pay one of our Taxbot certified tax preparers to spend 15 minutes on a one-on-one phone call with you to answer any other lingering questions you may have from the monthly training course.

- **Bonus #1:** Exclusive Access to Our Private "Midas" Community: get added to our private Facebook group where you will connect with other Midas members. This will also be a place where you have even more access to Sandy Botkin (our Chief Education Officer) and other experts that will be in this group to answer questions.
- **Bonus #2:** Get a Taxbot subscription included for FREE: That's right! When you are part of this group you get Taxbot for FREE! That's $120/year value. Not too shabby!

If you're ready to tackle-your-taxes and increase the amount of money you keep in your pocket once-and-for-all, then sign up for the Midas Initiative Program today at the link below. Do it now! We are running a special promotion and I wouldn't want you to miss it. Here's the link:

TAXBOT.COM/MIDAS

AUTOMATIC EXPENSE TRACKING

Imagine your bookkeeping on autopilot. Taxbot automatically imports:

- Photos of receipts you take with the app
- Email receipts you receive in your inbox
- Bank and credit card transactions using bank-level encryption
- Taxbot reads your photo and email receipts and matches them to the correct bank or credit card charge. Taxbot fills in missing data, categorizes the transaction, and sends it back to you.
- Simply approve with a swipe of your finger.

Taxbot is one of the only accounting products that focuses on IRS (and CRA) compliance. At the end of the year you can generate an AuditSafe™ Report. Send this report to your accountant and it will make tax preparation easy. The report includes:

- Pictures of your receipts and notes for compliance
- Profit and loss statement
- Complete driving log

PEACE OF MIND IN 12 MINUTES

On average, our customers only spend 12 minutes per month approving expenses and mileage. Imagine what you could do with that extra time. You could grow your business, spend time with family, or read a good book.

Recently we received this testimonial on Facebook:

> "...I was audited for last year's taxes. I printed out my AuditSafe Report from Taxbot and the audit was performed and finished in under an hour with a no change result. They were impressed with the organization and the Taxbot program. Thanks."
>
> ~ *Regina Kovamees*

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