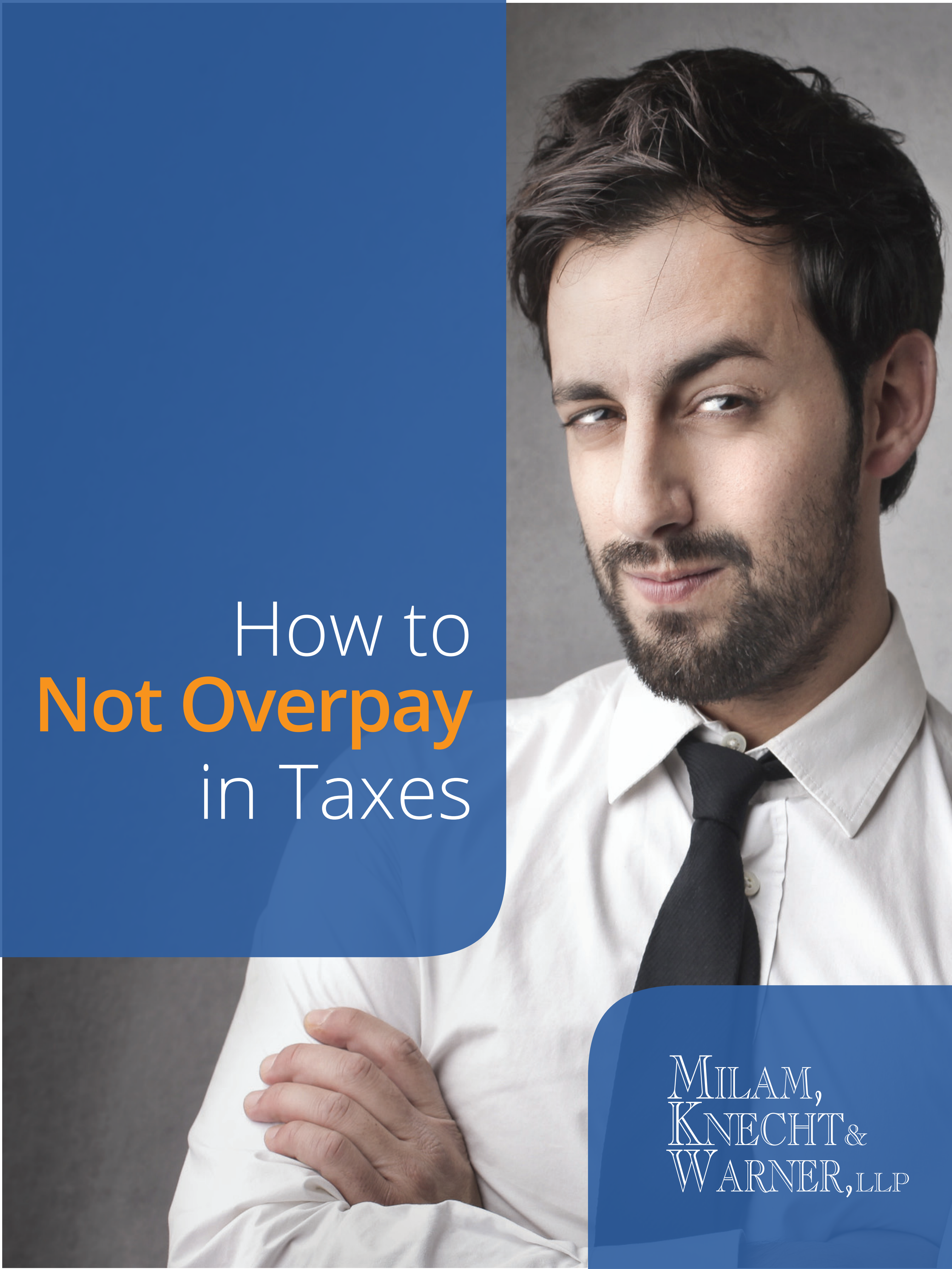

How to **Not Overpay** in Taxes

Milam, Knecht & Warner, LLP

It Happens

But it does not have to continue

Nobody wants to pay more than they need to, especially in taxes. From our 30 plus years helping business owners, we have seen numerous business owners paying too much. In fact, most are overpaying.

Overpaying is slowing your business growth and wasting your personal wealth, but you can change that!

We created this guide to help business owners like you ***confidently know*** that you are not overpaying.

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IT TAKES A TEAM EFFORT

In the areas of business and personal income taxes, it is a team effort between you and your CPA.

If the following activities are not in your normal routine between you and your CPA, you are most likely overpaying.

1. The CPA's Part

What you should expect

Not overpaying in business and personal income taxes all start with having a CPA that fits you and your business. By this we mean a CPA that is not just a tax return preparer, but also a **part of your financial team** *[Read more about building your financial team at www.WeAddValue.com/financial-team].*

Taxes have become so complex, that a CPA cannot just look at a return and find every applicable deduction. They need to sit down with the business owner and fully understand their business, strategy, structure, and value proposition.

The following is our idea of what you should expect from your CPA.

When starting with a new CPA, you should have an initial tax diagnostic meeting with at least one and preferably two of the tax partners.

In this meeting, the CPA should have a prepared and systematic method of asking you questions about your business to: (1) **fully understand your business model,** (2) **understand your possible exit strategies,** and (3) **target tax strategies and applicable deductions that apply to you and your business.**

This meeting should range from ***four to eight hours***.

From that information, the CPA will then prepare a number of possible tax positions to be considered and will meet with you again to determine which of these positions are appropriate for you.

In this second meeting, your CPA then works with you on what can be implemented without affecting the business.

You don't want the tax tail to wag the dog. The business model is significantly more important than the tax issues. However, many tax positions and opportunities can be molded around your business model to actually enhance the business.

Don't let the tax tail **wag the dog.**

Your CPA should have a **proactive & systematic approach.**

- [x] From then on, you should be meeting with your CPA around July for a mid-year tax planning meeting. Your CPA should be looking at your tax situation in the middle of the year to see what strategies should be modified and what else can be implemented.

- [x] You should have another meeting at the beginning of the last quarter of the year. These meetings should also follow a systematic process lead by the CPA to inform you of any issues that would require any adjustments to your tax strategy.

- [x] In November or December, your CPA should run a projection to estimate your taxes for the year, so you can plan your cash flow needs. **Everyone hates a call on April 14th** from their accountant saying that they owe a lot in tax, and they need to rush to make a payment.

Your CPA should have a proactive and systematic approach to minimizing taxes based on what tax strategies are appropriate for your business.

2. The Business Owner’s Part

What you should expect to do

Another objective of the initial tax diagnostic meeting is for your CPA to help you know when to raise the red flag, where there might be a tax ramification. The five-minute phone call to ask your CPA a quick tax question is so important.

> *We had a small client who paid an unnecessary $66,000 in taxes. Had this client just picked up the phone and asked me one small question, I would have told them to sell their property one day later to save $66,000 in taxes.*
>
> *For this small client, this $66,000 was a significant amount of tax that they did not have to pay. Had they not worried about the cost of a five-minute phone call, they could have avoided overpaying. As painful overpaying was for this small client,* ***$66,000 is a small amount*** *compared to what can and does happens to larger businesses.*

- ☑ When in doubt, give your CPA a quick call.

- ☑ You may receive tax saving information from your trade association as well as from industry related magazines. It is important to bring those up in your periodic CPA meetings and ask how they apply to your company or personal tax situation.

There are many items that get lobbied by the different trade associations and may only apply to your industry. These items are important to bring to your CPA’s attention—even just for peace of mind, knowing that it is being handled. Your CPA will probably be aware of most of them, but it does not hurt to bring it up.

When in doubt,
give your CPA a quick call.

3. Conclusion

Now take action

Take Action. If you are missing any of these components in your CPA relationship, call them today and figure out what can be done and/or whether they are the best ones to be on your financial team.

Be confident **you are not overpaying.**

With a CPA on your financial team that has a systematic process to implement all of the tax opportunities available and that you can call to consult with, you can be confident that you are not overpaying your business and personal income taxes.

If you have any questions about this or would simply like a second opinion on your tax strategy, please contact us.

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