

## Proven Strategies for Saving BIG Money

Tax Strategy	How It Works	Bradford Tax Institute Article <small>(click article title for live link)</small>
<b>Reduce S Corporation Owner's Wages</b>	As the owner of an S corporation, you can legitimately cut payroll taxes by thousands of dollars by paying yourself a lower salary and taking the rest of your income as distributions. But you need to make sure that you don't drop your salary below what the IRS considers "reasonable compensation."	<a href="#">How S Corporation Owners Can Cut Taxes by Keeping a Lid on Their Salaries</a>
<b>S Corporation Covers the Owner's Health Insurance Premiums</b>	The S corporation can establish a health insurance plan for the owner-employee who owns more than 2 percent in one of two ways: 1) the S corporation pays the premiums for the owner-employee and family, <i>or</i> 2) the S corporation reimburses the owner-employee for the premiums.	<a href="#">Update: 2018 Health Insurance for S Corporation Owners</a>
<b>Employ Your Child</b>	The S corporation owner must pay payroll taxes on the child's wages, but the family enjoys a decrease in income taxes. Each child can earn up to \$12,000 without paying any federal income taxes.	<a href="#">Tax Reform Increases the Tax Benefits of Employing Your Child</a>

<p><b>Sell Your Home to Your S Corporation Before Converting It to a Rental Property</b></p>	<p>If you plan to convert your personal residence into a rental property, consider first selling the home to your S corporation. You can avoid taxes on the sale with the home-sale exclusion of \$250,000 gain (\$500,000 if married). Additionally, you increase the rental property's depreciable basis, which provides for greater depreciation deductions.</p>	<p><a href="#">Shedding Doubts about Selling Your Home to Your S Corporation</a></p>
<p><b>Reimbursement of Home-Office Expenses</b></p>	<p>When the S corporation reimburses the owner for home-office expenses, this reimbursement is a deduction for the S corporation and tax-free income to the owner.</p>	<p><a href="#">Lock in the Home-Office Deduction for Your S Corporation</a></p>
<p><b>Rent Your Home to Your S Corporation</b></p>	<p>An S corporation owner can rent his or her entire home to the S corporation for up to 14 days per year and get big tax deductions. The S corporation deducts the full amount of the rent, and the owner realizes the income completely free of income tax.</p>	<p><a href="#">Tax-Free Rental of Home to C or S Corporation</a></p>
<p><b>Reimbursement of Depreciation Expenses</b></p>	<p>The S corporation can reimburse the S corporation owner for depreciation expenses (as well as Section 179 expenses) related to business use of a vehicle, a home office, and other assets. This is a deduction for the S corporation and tax-free income for the owner.</p>	<p><a href="#">Reimburse Corporate Owner-Employee for Depreciation</a></p>
<p><b>Reimbursement of Vehicle Expenses</b></p>	<p>A qualifying "heavy" vehicle used for business can produce a substantial Section 179 first-year depreciation deduction. Plus, if your home office qualifies as a principal place of business, business-related trips to and from that home office rack up business miles.</p>	<p><a href="#">Heavy Vehicle + Deductible Home Office = Major Tax Savings</a></p>
<p><b>Reimbursement of Travel Expenses</b></p>	<p>An S corporation owner who incurs business-related travel expenses <i>must</i> submit an expense report and be reimbursed by the S corporation; other arrangements have disastrous tax consequences.</p>	<p><a href="#">The Right Way to Ask Your S Corporation for Travel Reimbursements</a></p>

**Cell Phone Expenses**

When an S corporation provides an employee with a smartphone or similar telecommunications equipment primarily for non-compensatory business reasons, this is considered a working condition fringe benefit that is excludable from income.

The S corporation can reimburse the employee for the full cost of the phone expenses (including the personal use) and deduct this amount on the corporate tax return. The reimbursement is tax-free income to the employee.

[Create Tax-Free Fringe Benefit Deductions for Your Smartphone](#)