

How To Cut Your Taxes By 62% and Put Thousands Back In Your Pocket



**By Robert F. Cruise, E.A.
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**Free special report for small business owners,
professional practice owners and
independent professionals**

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About Robert F. Cruise, E.A.

Robert F. Cruise is unique in the world of accounting. His real world experiences and education include a mix of formal education that includes a Bachelor's of Science in Accounting from Wayne State College, Wayne, Nebraska, and a real world perspective that comes from building several different companies from the ground up. He is also a very active real estate investor, manager and trader.

In addition to his business interest and real estate holdings, Mr. Cruise is the principal shareholder and President of Cruise & Associates, a company that he founded in 1991 and currently has offices in both Columbus and Omaha, Nebraska and employs over 25 employees during peak business periods. He holds several licenses which include an Enrolled Agents (EA) license. (Note: Enrolled Agents are the only professionals that are licensed by the Federal Government and can represent taxpayers on all levels of the IRS and on a national basis.) He also holds Series 7, 6, 66, 63 security licenses, insurance licenses and annually completes over 40 hours of continuing education. He is the trusted advisor for hundreds of individuals and businesses in Nebraska, Iowa, and South Dakota.

Mr. Cruise is a small business advocate who provides everyday down to earth practical business advice in plain English that anyone can understand. Cruise & Associates specialize in providing personalized Wealth Management Solutions through income tax, business and financial services to their clients. Their specialty is in helping Clients to minimize their tax liability and maximize their income. You can place confidence in them knowing that everything has been taken care of.

In addition to all the real life practical experience, Mr. Cruise has a the ability to translate complex and confusing income tax, business, & financial concepts into easy-to-understand and easy-to-follow terms. He tells clients – in plain English – the current status of their business and, more importantly, assists them in reaching their business goals.

“The best financial advice is worthless if you can't understand it,” Mr. Cruise says. “My training and real life experiences make it possible for me to fully comprehend the challenges and opportunities businesses face. I'm committed to helping business owners achieve financial success and, fortunately, the opportunities to do so have never been better.”

Toward this goal, Mr. Cruise designed and developed several customized Small Business Programs using the most current technology available, which offer a flexible and affordable program of comprehensive, proactive and progressive services. He is a true believer that every business owner deserves to have peace of mind in making business decisions and have the access to a trusted advisor that isn't just doing the record keeping but is there to give the business owner the personalized attention necessary to make the best business decisions. This gives the business owner a true sense of security, trust and peace of mind.

To learn more about these services, visit www.cruise-associates.com , call (800) 401-4284 or e-mail Mr. Cruise at robc@cruise-associates.com.

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Published by:

Cruise & Associates
Columbus, NE, USA

Introduction

In starting Cruise & Associates back in 1991, little did I know how unprepared I was for the real world of business. I remember saying to myself, 'gosh I have my accounting degree, I will send out 100 letters to small businesses and if anyone hires me then I will start an accounting firm. Lo and behold some one answered my letter and wanted me to do the bookkeeping for his business. Wow, I was in business.

This sounded real easy at that time. We all have had our little moments similar to that when we were planning to start our business. This was just one of many of these moments I have had over the last 20 or so years of my life.

When I started Cruise & Associates, I was 23, young and full of energy and ready to take on the world. I quit my job and dived headon into 'being in business.' I joined the Chamber and spent money on advertising, which had no chance of working, but the sales rep told me it would. All in all at the end of the first year, my business ended up grossing \$10,000 with losses of \$8,000, and I was back living with my parents and working other jobs nights and weekends. When thinking about this time in my life, it was not a lot of money, but at the time, it seemed like I was done for, to the point where I had lined up a couple of investors to make an offer on a local restaurant that was for sale. I remember saying to myself, 'I have two choices if my future is to be in the restaurant business the seller will accept my offer and if my future was to continue with Cruise & Associates then the seller will turn it down.' It was a very good offer, and the seller turned it down flat, did not even counter. One reason I knew it was a good offer because the seller called me about nine months later and asked if I was still interested.

What happened at that point? To this day, I fully believe that there was someone watching over me. The same day I found out the seller had turned down my offer, I met the next mentor in my life. This individual had built an accounting firm from one location to over 300 locations in the western part of the United States and that person talked me out of giving up and started to teach me "How to Build a Business."

It must have worked because, 20 years later Cruise & Associates, my business, has two locations and 25 employees during peak season.

The most important thing I learned from that experience and a lot more along the way is in the power of having someone mentor and help you. It truly transformed me and my business. I went from my role as "accountant" to that of a "trusted business advisor and mentor." The clients started realizing they could bring their business problems, not just their books and taxes to me, and I could give them a wide range of advice well beyond the scope of being just their accountant.

Within this report, I have outlined 14 Tax Reduction Strategies that every business owner should consider for his or her business. When these areas all work together, they can save the business owner **Thousands** in tax dollars. My goal for this report and for Cruise & Associates is to become the mentor for all our clients, as a very good friend once did for me.

This special report contains information about tax planning ideas that your current Accountant/CPA should be providing you. Failure to recognize this could be costing you thousands of dollars in taxes. In fact, many businesses are not aware of the role that their Accountant/CPA should or could be playing in their businesses. Once you finish reading this report, you should have a firm understanding of what you should expect from your Accountant/CPA and how to initiate conversations to facilitate changes in your current relationship.

Some Small Business Owners Pay A Lot Less Tax Than Others On The Very Same Income!

Will you Pay Too Much Tax This Year?

Every year without exception, small business owners like you overpay taxes. But believe it or not, some small business owners pay a lot less in taxes than others ... even on the very same income.

Why?

Because all accountants, CPA's, and tax preparers are NOT the same. Most accountants and CPA's are so overworked, understaffed and generally overwhelmed during tax season that they're fighting against the clock every year, just to get all their clients' returns prepared, let alone spend the extra time needed to really dig out hidden opportunities and loopholes that are critical to help their clients pay less in taxes.

Most accountants take a reactive approach when advising their small business owners on saving money on their taxes. And, it's that reactive approach that can cause you to overpay ... sometimes significantly on your taxes ... sometimes for years. As they say, you don't know what you don't know. Most small business owners are just happy to get their taxes done on time and, hopefully, accurately enough that red flags aren't sent up for the IRS.

Would you like to know what I discovered?

When small business owners come to me, I re-examine their past three years of tax returns, and more often than not, I find lots of mistakes, missed deductions, overpayments and "red flags" that attract audits, all made by ordinary accountants who do not intimately and completely understand YOUR business. At the end of the day, that means money out of your pocket. Money you could put away for your children's education ... money you could use to take fun or leisure trips with your family ... money you could put away for your financial nest egg so you can retire sooner ... money you could use for a new house ... a new car ... hobbies that you enjoy ... money that gives you that financial security and lifestyle you deserve. You work hard. Government shouldn't be paid a single penny more than what it is legally entitled to.

The question is ...

Is your accountant taking the time and the proactive steps to maximize your income and minimize your taxes each and every year?

If you answered 'no' to this question, then I urge you to pay attention to the tax strategies I am about to share with you. **If your present accountant is not sharing with you these and many other strategies, you could very well be overpaying the government.**

Special Opportunity for A Limited Time

Our goal is to help all our clients maximize their profits and minimize their taxes. So we would like to offer a in-depth review of your last three years business & personal tax returns. This is a special offer for readers of this report and is totally complimentary. If you would like to take us up on this offer please fill out the enclosed page entitled “**Request for a Tax Reduction Audit**” at the end of this report.

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INTRODUCTION

The rich are there to make all the money and pay none of the taxes. The middle classes are there to do all the work and pay all the taxes. The poor are there to scare the daylights out of the middle class so they'll keep working and paying the taxes.

-George Carlin

Income taxes are the single largest expense you'll encounter in life, bigger than your home or the cost of getting your kids to college. Income taxes are the prevalent barrier to real financial security. You can never build any real wealth without first getting your tax life under control. You may have heard the expression "tax freedom day". That's the day when we stop working for the government and begin working for ourselves.

One third of wealth you will or won't accumulate is dependent on whether you have a good tax plan. My experience with working with small business owners indicates that they are paying much more in income taxes than they should. Why? Due to the lack of a good tax reduction plan. Your objective should always be to pay the least amount of taxes legally.

Every small business owner, independent professional and entrepreneur is looking for ways to reduce expenses without cutting corners, without reducing quality, or losing clients, customers, or patients. Few small business owners look to the one area almost guaranteed to save them money: their income taxes. Last year, small businesses overpaid their income taxes by an average of \$11,638 each, according to a US Government Study. You see the Government even knows it, and has done studies to prove it. In all my years in this business, I have never seen a letter from the IRS telling a tax payer that his/her business has overpaid taxes and returned the money.

The overpayments were made because the businesses failed to take the tax deductions they were legally entitled to take. Many of these businesses are still unaware of their errors. They over pay their taxes year after year and don't even know it.

The IRS is not going to help these hard working individuals and will never tell them about a tax deduction they didn't claim. That's up to you. Every strategy that I have explained in this special report will reduce your taxes honestly, legitimately, and with the full approval and blessings of the IRS. I tell my clients to use the tax code to your advantage for a change.

I was recently reading the book by Dr. Stanley titled "The Millionaire Next Door." This guy did extensive research on millionaires and he concluded in the book that most people who became millionaires didn't win a lottery, inherit a lot of money, or make a big stock market gain. They were, for the most part, average people who saved a little bit each year, probably from the taxes saved with good planning. They invested the money in an average investment for 30 or more years. At first I didn't believe this so I calculated it for myself. If you were to invest \$4,000 for 40 years at an average of 9% return per year, your investment would be worth a whopping \$1.6 Million. This means that the small business owner who follows the tax advice I am sharing here and invests the savings in a retirement account or any other investment can become a millionaire. Tax knowledge is lucrative.

TAX STRATEGY # 1

Full home office write off

The rules allowing a taxpayer to claim the home office deduction have been loosened, beginning January 1, 1999. No longer does the home office need to be the “principal place of business” for the taxpayer.

The home office test can now be satisfied if the taxpayer uses the home office for “administration or management activities” and there is no other fixed location in which the taxpayer performs such activities for his or her business. The home office still must be used exclusively for business purposes to qualify. This will allow more taxpayers, including small business owners who conduct business outside of their office, but use their home to perform administrative tasks, to qualify for the home office deduction. In addition under certain circumstances an employee may enjoy this deduction also.

TAX STRATEGY # 2

Writing off family medical bills

This strategy is a little more complicated but is well worth the extra effort. To use this strategy, first you must hire a spouse or other trusted family member to work for your business; either full-time or part-time status will work. Next, you need to set up and sign a medical reimbursement plan. You may need the advice of an accountant to help you with this. This plan allows any sole proprietor, and in some cases a corporation to convert all family out-of-pocket medical expenses into legitimate business deductions. Finally, your spouse or family member pays all out-of-pocket medical expenses for the family, keeping receipts and documenting miles driven for medical purposes.

At a specified time, your business reimburses your spouse or family member for these expenses and deducts them as a business expense.

TAX STRATEGY # 3

Writing off your child's college education expenses

If you frown at the high cost of a college education, this tax strategy is for you. You can put your child on the payroll of your business for performing work for the business like any other employee.

The most common way to utilize young children in your small business is for them to provide cleaning services, or routine copying, filing and typing. These are jobs that even a 10-year-old is clearly capable of performing, and jobs that you'd arguably have to pay someone to do if your child were not available.

In 2010, a child can earn up to \$5,700 and pay no federal income taxes on the earnings because of the standard deduction. Your business can deduct wages paid to your child provided the amount is reasonable and for bona fide work. Bottom line: You'll escape federal income taxes of up to \$5,700 of your business income, and if you are a sole proprietorship, you will eliminate self-employment tax on the income as well.

Any income your child earns over and above the \$5,700 standard deduction is taxable at your child's rate. Since the 10% tax bracket extends to \$8,350 for a single filer, your child could earn an additional \$8,375 and owe just \$837.50 of federal income tax on the money. Because your marginal tax rate is likely much higher, the extra money your child earns may result in family tax savings. Even better, if your business is not incorporated, you won't have to withhold or pay FICA (Social Security and Medicare) payroll taxes on the earnings of a child under age 18.

TAX STRATEGY # 4

Make your kids eligible for a Roth IRA

This is an incredible tax saving that I often see under-utilized by small business owners. This tax strategy is related to Strategy #3, but takes it a step further. Hire your children, pay them at least \$5,000 and put the proceeds in a Roth IRA. All earnings in a Roth IRA are tax-free forever!

The U.S. Tax Court has validated a parent hiring his 7-year-old son to work for his/her business and allowed the deduction for reasonable wages paid. So if your child takes the yearly \$5,000, from age 7 to 18, and invests it under the Roth IRA umbrella at 10% per year, compounded monthly, that child will have accumulated about \$116,187 by age 18.

Read on as it gets even better. If you leave all the money untouched, but contribute nothing after your child hits 18, by the time the child is 60, he or she will have accumulated more than \$6.3 million that can be withdrawn tax-free.

TAX STRATEGY # 5

Rent your home to your business and receive tax free income

I have seen only a handful of tax experts throughout the country use this strategy. It involves renting your personal residence or vacation home for up to 14 days each year. If not otherwise used, rent your personal residence or vacation home to your small business for board of director, shareholder, staff meetings or other business meetings. The rental paid by the business will be tax deductible, while up to 14 days of rental income can be received tax-free pursuant to Section 280A(g).

To give you an example, one of my clients, a small business owner, who owns several restaurants in Nebraska, rented his country home, with several acres to his business to conduct various meetings throughout the year. At the fair rental price of \$300 per day, that amounts to an annual rental expense deduction on his business tax return for \$4,200.

At his tax bracket, that's a federal and state tax saving of approximately \$1,470 per year. So he was able to rent out his home for \$4,200, the rental income was not treated as income on personal tax return, while the rental expense was a legitimate business deduction on his business tax return. This single strategy saved the client \$1,470.

TAX STRATEGY # 6

Small Business Retirement Plans

Small business owners can now increase their IRA contributions to \$5,000 for themselves and \$5,000 for their spouse.,and if you are over 50, add \$1,000 to these amounts. Essentially, in 2010, a small business owner who is married can put away up to \$12,000 in an IRA investment account.

When the cash flow of your small business permits increased retirement savings, the next retirement choice is usually a SIMPLE-IRA. Under this plan, small business owners (and their spouses employed in their business) can each deduct up to \$11,500 each year. Moreover, the business can also provide a matching 3% of pay matching contribution on a tax-deductible basis.

The tax savings using this strategy can be significant. Here's a recent client situation for one of my business clients. The doctor owns and operates a very profitable small business in Nebraska. His wife also works in the business. So in 2010, he will contribute \$11,500 for himself and \$11,500 for his wife. The small business will contribute an additional 3% of their salaries so for him and his wife, that'll be another \$2,250. Based on their current tax rate, that's a tax savings of approximately \$8,837. Please note if both parties were over 50 years old then the total contribution would go up to \$30,250 and save approximately \$10,587 in taxes.

TAX STRATEGY # 7

Deducting auto mileage to and from your office

Do a few minutes of work from your home office before you leave the house for your main office and when you return to your house after work. Document this activity (a few email messages, letters, or phone calls) each day in your day planner, journal, or other permanent document, and also keep a written record of your mileage. This allows you to deduct this mileage as miles between jobs (51 cents per mile for 2011).

TAX STRATEGY # 9

Deducting vacation travel expenses

Try to combine business (a meeting with a client or possible client, checking out some material or resources for your business, etc.) with your vacation travel. As long as your trip is documented in advance, showing an intent to build your business in some way, your travel expenses become business expense deductions. Meals, hotel rooms, plane tickets, car rentals, and even certain expenses for entertainment are deductible as business expenses with proper documentation.

TAX STRATEGY # 10

Cutting your taxes when selling appreciated assets

When you are planning to liquidate appreciated assets such as stocks, think twice. Instead, give the actual stock asset to your child or other trusted family member who has a lower tax bracket. When that person sells the assets, he or she will pay taxes at the lower tax rate.

Another excellent method is to donate your appreciated assets to your favorite charitable organization. You are allowed to deduct the full value of the assets as a charitable contribution. Neither you nor the organization will pay any capital gains taxes on the assets.

It would be advisable to consult a tax professional for proper planning and documentation for some of the more complicated tax strategies. Using these strategies could save you thousands of dollars in taxes.

TAX STRATEGY # 11

Tax deduction doubling

The important thing is to plan your tax strategy. For example, if your tax deductions are usually not significantly higher than the standard deduction, then take the itemized deductions one year and your standard deductions in the following year. Why is this a good idea? Simple. You can increase those itemized deductions (e.g., taxes, contributions, losses, etc.) over which you exercise some control by paying/contributing most of them in the deductible tax year. Some people call this technique doubling up. Let's take a closer look.

- In the deductible year, pay your year's charitable contribution for the upcoming standard deduction year in December. This is then added to your regular contribution for the deductible year.
- For those individuals who exercise control over when they pay their school and property taxes, it is sometimes wise to pay two years' taxes for the deductible tax year. Make sure that the tax payments are made in the deductible year. Note that people whose mortgage company pays taxes normally have no such flexibility .
- For the deduction year, sell those stocks that have a loss (owned at least a year and a day) because the government, in effect, absorbs the part of your loss that is equal to your tax bracket percentage times the amount of the loss. For example, assume that your loss on stocks was \$10,000 in a deductible year and the tax bracket of your return was 33%; then, Uncle Sam would reduce your taxes by \$3,333. In addition if you don't have capital gains to offset you can still offset \$3,000 in capital losses against ordinary taxable income .
- Donate clothing and any other deductible items in the same deductible tax year.
- Schedule all elective surgery and, if possible, other medical expenses, into the deductible tax year.

In general, then, for any deductible expense (taxes, contributions, losses, etc.) over which a taxpayer exercises control, it is wise to plan deductions so they can be maximized.

TAX STRATEGY # 12

Engage in year round tax planning

Many small business owners worry about their taxes only during tax season. However, you will save thousands of dollars in taxes, if you make tax planning your year-round concern.

Can you make some changes to turn your hobby into a moneymaking second or third business? Can you use that extra room in your house as a home office for your business? Can you arrange to use your second car more for business purposes, and have you documented your business use mileage? Can you arrange for more of your entertainment expenses to be business related? Have you listed the business purpose on each receipt?

Do you make business and personal purchases, investments, and other expenditures with tax savings in mind? Do you document your expenses well, so that they would survive a tax audit? Whenever you are faced with a business or personal financial decision, do you consider the tax consequences?

Make year-round tax planning part of your business management mindset and thus enjoy maximum tax savings. By rearranging your affairs to account for tax implications, you will save thousand of dollars in taxes.

TAX STRATEGY # 13

Make sure you have the best entity for your business

Lets spend a few minutes thinking about how your business may have been originally set up. If you are like most business owners, when you decided to start a business you went to talk with an Attorney he then made a suggestion, you said Ok based on the Attorney's recommendation.

If you are like most taxpayers, that could have been one, five, or even 10 years ago. My question is, when was the last time you took a look at your entity choice to determine if it was still the best choice for you. In most cases this has not been done since it was setup.

So you might ask what are my choices?

- | | |
|----------------------------------------------------|----------------------------------------------|
| <input type="checkbox"/> Limited Liability Company | <input type="checkbox"/> Sole Proprietorship |
| <input type="checkbox"/> Sub Chapter S-Corporation | <input type="checkbox"/> General Partnership |
| <input type="checkbox"/> Corporation | <input type="checkbox"/> Limited Partnership |

Maybe your business has out grown its current structure and you could benefit from some advance entity planning. Some of these ideas include however are not limited to:

- Multiple Entity Strategies (Using more than one of the above to maximize your savings)
- Nevada & South Dakota Corporations (limit your State income tax)
- Family Limited Partnership

I see this problem all the time. It is very important for you to review your options in entity planning every five years or so. Sometimes by restructuring you can drastically reduce your tax bill now and into the future.

TAX STRATEGY # 14

Request A Tax Reduction Audit

**Make the IRS send YOU a check for a
change!**

**Fax or E-mail today the “Request For A Tax Reduction
Audit” on the following page.**

**We have been providing these Free Tax Reduction Audits
for Taxpayers for over 19 years and have found that 7 out of
10 returns that we audit are owed money back. Sometimes
these checks are thousands of dollars!**

Tax Reduction Audit Order Form

I hope the information in this special report has been useful. The most important thing to recognize is that all Accountants and CPA's are not created equal. Most take a reactive approach when advising clients. If you would like to request a Free Tax Reduction Audit for you and your business please, complete this form and fax or e-mail it to our office. As they say, 15 minutes can save you a lot of money.

Here is a partial list of what you will get. Then I will meet with you and explain everything in English and not "Accountantese":

- Review your last three years personal tax returns
- Review your last three years business tax returns
- Analyze your business retirement options
- Complete a business entity analysis
- A in-depth Financial Statement Analysis (business analysis)
- Answer any specific questions you might have
- Meet with you at your place of business to go over your savings
- 100% Confidentiality at all times.

Please complete the information below (Note we never sell your information)

Contact Name: _____

Business Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Office Phone: _____ Cell Phone: _____

Fax: _____ Email: _____

To Schedule Your Audit

Call our office (800) 401-4284 Fax Form to: (402) 562-6164 or (402) 558-3546
Or Email Form to: taxhelp@cruise-associates.com
A representative from my office will contact you shortly.