FinLaw Connect

TAX PLANNING

DID YOU KNOW? THE MAJORITY OF SMALL BUSINESS OWNERS IN THE U.S. PAY TOO MUCH IN TAXES.

Many only see tax professionals for filing, skipping proactive planning to avoid future liabilities.

- Capital Gains Tax
- Sales Tax
- Income Tax
- Estate Tax
- FICA Tax
- GST Tax
- Property Tax

Proactive Income Tax Planning

While many individuals rely on CPAs or tax professionals for preparing and filing returns, as well as addressing past-year deductions and liabilities, few engage in proactive planning to minimize future tax obligations. Proactive tax planning can include:

- Entity Structuring to allow for greater deductions or income shifting in the future
- Tax Diversification to create accessible funds that are treated differently for tax purposes
- Retirement and ERISA planning to defer taxes on income today until needed in retirement
- Charitable Planning to take advantage of more deductions each year from charitable gifting

REGULAR INCOME

- Accessible
- Taxable

TAX FREE INCOME

- Accessible
- Not Taxable

ASSETS/INVESTMENTS

- Less Accessible
- Possibly Taxable

Planning Around Capital Gains Taxes

Capital gains taxes are realized upon the sale of a capital asset such as real estate, business interests, stocks, or other assets. While capital gains tax rates are generally more favorable than regular income tax rates, they can still add up and add to your overall income tax liability. There are multiple strategies for avoiding, delaying, or minimizing capital gains taxes on the sale of an asset. You should consult with competent legal counsel and a tax professional to decide if a particular strategy might work for your situation.

Planning for Estate and Gift Taxes

The United States imposes transfer taxes, including gift and estate taxes, as part of its tax system. As of 2025, individuals can exempt over $13.99M in lifetime estate and gift taxes, while married couples can shield up to $27.98M with proper planning. Beyond this, more advanced strategies are needed and should be carefully reviewed with legal counsel. Additionally, if you gift under $19,000 per recipient annually, you avoid gift tax concerns, but exceeding this amount requires proper planning with tax and legal professionals.

Also consider:

- **Will you be selling a business or asset in the near future and realizing capital gains?**
- **Is your total estate including life insurance over $5M and have you considered possible estate taxes?**
- **Have you positioned yourself for the least tax exposure over your lifetime or for more tax in the future?**
- **Is your business structured properly to avoid unnecessary taxes?**
- **When is the last time you had your most recent 3 years tax returns reviewed to maximize savings?**

If you have questions or are interested in a consultation, feel free to contact our professional network through your FinLaw Connect advisor/representative.

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