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WHITE PAPER

2024 Year-End Tax Planning Guide for Businesses

Reduce your tax burden, improve cash flow
and more effectively allocate precious resources all year long

Introduction

Tax planning is both a science and an art. Minimizing your overall tax burden takes more than an in-depth understanding of the countless regulations that may affect your organization. This is why it's so important to work with an advisor who understands your business. The rules are only relevant in the context of your unique organization, industry and point in the business lifecycle.

While tax savings opportunities can be enticing, you don't want to let the tax tail wag the dog. What's best for your business must always be the primary focus. But by carefully analyzing your business activities and implementing well-aligned tax strategies, you may be able to significantly reduce your tax burden, improve cash flow and more effectively allocate your resources.

Understanding the regulatory matrix can help you choose tax-savvy strategies to boost your bottom line and increase your competitive edge while staying fully compliant. These key steps can help you position your business for a tax-efficient 2024 and begin 2025 strong.

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STEP ONE

Evaluate Your Tax Situation Before Year-End

Ignoring tax concerns between filing deadlines is like letting money slip through your fingers. That's why a good tax advisor won't let you go through the year without periodic check-ins. These conversations can help you look closely at various aspects of your business and proactively align them with smart tax strategies throughout the year. Find out how you can optimize your tax position to avoid paying too much.

1. Revisit Your Business Plan

Take a critical eye to your business model

Review your business model in terms of the tax impacts of your current operations and any potential changes:

- Do your current labor model and input sources provide optimal benefit?
- Are outsourcing, offshoring or onshoring on the table?
- Is it time to unload underused office space in a remote work environment?

Changes to your business model carry tax implications based on the classification of income, deductions, tax credits, compliance requirements and other factors. That's why it's important to explore the ramifications of changes before you make a move — and to look regularly for potential changes that could benefit your business as well as your tax picture.

As year-end approaches, it's also worth considering how industry shifts and market trends may impact your reporting obligations. Similarly, it's an important time to review new deductions and credits that may reduce your overall tax liability (with or without changes to your business model).

Review changes to your customer base

How well does your business understand and connect with the customers who directly control your success? Changes in your customer base can affect your revenue, expenses and profitability — ultimately impacting your business tax burden.

- Has the balance between product revenue and service revenue shifted?
- Are you closely monitoring nexus thresholds and compliance requirements in every state where you do business?
- Does an interest charge domestic international sales corporation (IC-DISC) make sense with the impending sunset of Tax Cuts and Jobs Act (TCJA) provisions?

This kind of analysis can help you stay in compliance and identify potential tax savings based on your customer-related expenses and income fluctuations.

Look inside and outside the business for savings opportunities

Internal factors such as your compensation structure and employee benefits can influence your tax liability and strategy.

- Are you considering all the tax ramifications as you design "golden handcuffs" and other employee retention strategies?
- Is the deductibility of certain employee benefits worth more to the company as a tax-saving mechanism or as a hook to attract and retain talent?
- Have you adjusted your tax strategy to reflect the changing balance between salary and equity compensation as your company matures?

External factors such as new regulations, industry standards and economic conditions should also influence your tax strategy. When you stay abreast of these changes, you can adjust your tax position to support continued business success.

Consider the timing of expansions and new investments

Maintaining the right level of working capital always has to be at the top of your list. Besides affecting cash flow and financing costs, the timing of capital investment can greatly impact tax incentives, year-end deductions and depreciation.

- If your business plan includes expansion or fixed asset investments, determine whether you can implement these plans by year-end and when you'll get the most tax bang for your investment buck.
- Look at projected revenue, deductions and future regulatory changes to decide whether the tax payoff of capital investment is more valuable this year or in 2025.
- As you're assessing for optimal timing, remember that the bonus depreciation rate is 60% in 2024 but drops to 40% in 2025.

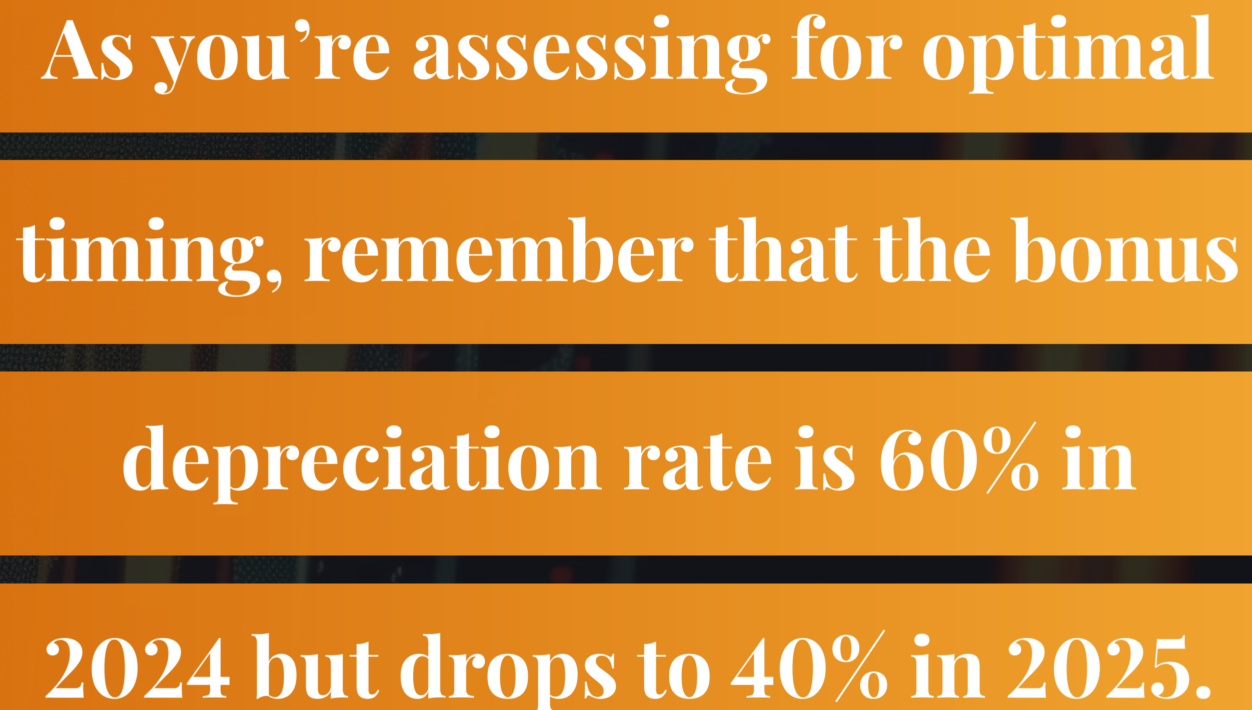
Your strategic and operational needs should drive decisions around expansion and investment. Tax considerations are secondary, but they can help you make well-informed choices about the timing of these business enhancements.

Explore the tax implications of your business plan and growth stage

How does your business plan and position in the growth cycle interact with the current tax and economic landscape? For example:

- The higher cost of capital can be a limiting factor if you're pursuing an organic growth strategy or need to finance capital expansions.
- Interest rates may not be as relevant for M&A fueled by private investment capital — but structuring those acquisitions for long-term tax benefit becomes a major factor in the viability of your business model.
- In the startup phases, R&D credits may offset tax liability effectively. You can look at diverse tax savings opportunities, including R&D studies and cost segregation studies, during the growth phase. If your business is mature, you might boost your tax savings by increasing compensation and benefits that help retain key employees.
- Keep an eye on dynamic forces that could affect your business. With interest rates poised to drop and an unpredictable election outcome, 2025 could look quite different.

To discover the full range of tax-saving possibilities, work with a tax professional. They can help you determine how your business plan interacts with tax laws, provide valuable insights and suggest timely strategies to help you lighten your tax load.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2. Review Your Financial Statements, Budget and Forecast

Dive into your books now to stay ahead of errors and file faster

All tax planning begins with good financial records. A thorough review of your financial statements helps ensure accuracy and confirms that numbers are up to date as you approach the end of the year. The extra effort now also helps prevent errors that can slow down your tax return preparation process or lead to mistakes and IRS penalties.

Make revenue estimates for Q4 to anticipate tax liability

If you're in retail or another sector with significant seasonal variations, your fourth-quarter results can have a meaningful impact on your taxes. Take the time to create realistic cash flow projections for your 2024 revenue. Sound estimates before year-end allow you to tweak your tax position to minimize your tax bill.

Besides easing tax compliance, keeping your books clean and your accounting current shows that you're on top of your game. It tells employees, lenders and potential buyers that this is a business to respect — not one to dismiss, overlook or target for fraud.

With the TCJA scheduled to expire after 2025, it may not make sense to change your entity based on transitory tax savings.

3. Reassess Your Entity Structure

Optimize pass-through entities for tax benefits

Consider your business structure and determine whether it is still the most tax-efficient option for your situation:

- Pass-through entities (PTEs) can offer advantages like the qualified business income (QBI) deduction. The QBI deduction is a significant tax benefit that allows you to deduct up to 20% of your qualified business income from PTEs such as partnerships, S-corporations and certain trusts and estates.
- With the TCJA scheduled to expire after 2025, it may not make sense to change your entity based on transitory tax savings.
- The lower 21% corporate tax rate makes C-corp status more appealing, and this rate cut doesn't expire with TCJA.

No matter how enticing the tax attributes may be, keeping your business structure aligned with your end goal always takes priority. Consult a professional to evaluate how well your current entity type meets your business needs and plays into your tax situation.

4. Analyze Your Financial Procedures and Internal Controls

Ensure best practices for better accounting and reporting

Review your financial procedures and internal controls to identify areas where you can enhance financial accuracy. Recognizing the gaps and investing in updated systems at the right moment can help you capture significant tax savings.

With the latest accounting tools, you'll have higher-quality data that allows you to better pinpoint specific expenditures you incurred during the current period. This kind of timely, detailed data helps you claim and document all the tax incentives and credits you're entitled to use. Phasing out legacy software can also help you achieve better security, improve reporting accuracy and introduce more efficient workflows that benefit your tax planning process.

02

STEP TWO

Be Strategic About Year-End Tax Planning

After evaluating your financial position, you can shift to year-end tax planning. A strategic approach here lets you take advantage of deductions, credits and opportunities that may help reduce your tax burden. Include these key steps:

1. Prepare Multi-Year Budgets and Tax Projections

Look forward to spot tax savings

Multi-year budgets and tax projections can help you prepare for potential tax-saving opportunities. Your tax advisor should analyze your income, expenses, deductions and credits over multiple years. This long-range view lets you develop a tailored plan that aligns with your business and financial goals while helping you benefit from anticipated changes:

- Will increased market share allow you to raise prices?
- How will acquisitions of verticals or competitors shift your expense-to-revenue balance?
- How do planned capital expenditures alter your tax picture? For example, an investment in automated equipment must be amortized while labor costs are generally deductible immediately. That would leave you with more taxable revenue, and the additional taxes could partially offset the gains from higher efficiency and reduced labor costs.

Proper fiscal housekeeping and well-organized financial records will make it easier to create long-term projections to position your business for peak tax savings. These sound business practices also help streamline the tax planning process to improve reporting accuracy and regulatory compliance.

2. Review Your Bonus Plan for Looming Liabilities

Prepare for tax liabilities associated with year-end bonuses

Carefully evaluate your bonus plan to confirm that it's financially feasible, well-documented and meets your deductibility requirements. Plan for any financial impacts of non-deductible portions of planned bonuses.

3. Assess Your Fixed Asset Expenditures

Seize fleeting opportunities for tax savings

With bonus depreciation decreasing to 40% in 2025 and ceasing as of December 31, 2026, it's essential to take advantage of these cost-saving opportunities while you can.

Is it feasible to place assets in service by year-end to qualify for bonus depreciation? If not, assess which available depreciation terms yield the most valuable tax deductions for your situation. While class life determines the number of years over which you must depreciate an asset, the depreciation method that best fits your business depends on your company's size, industry and the type of asset you purchased.

Wring out additional cost savings with cost segregation studies

Consider reaching out to a tax expert to conduct a cost segregation study for new construction, expansions or remodels. This can accelerate depreciation and generate tax savings for your business. For every $1 million reclassified to personal property, you can expect these savings (the example uses 7-year lives for both instances for personal property):

- **C-Corps** (21% tax rate; 60% bonus depreciation): Up to $135,000 of current year cash flow savings and $123,000 of net present value savings.
- **Pass-through entities** (37% tax rate; 60% bonus depreciation): Up to $238,000 of current year cash flow savings and $216,000 of net present value savings.

4. Set Up or Amend Your Company's Retirement Plan

Take advantage of the extended amendment period for retirement plans

Thanks to the SECURE 2.0 Act, you have until the 2024 tax extension date to amend or enhance your retirement plan with a retroactive date of December 31, 2024. Use the additional time to evaluate your retirement plan options and discuss potential changes with your tax advisor and pension consultants. If you already have a 401(k), you may want to consider layering a profit-sharing plan on top.

With bonus depreciation decreasing to 40% in 2025 and ceasing as of December 31, 2026, it's essential to take advantage of these cost-saving opportunities while you can.

5. Overcome the Challenges of State and Local Tax Compliance

Keep post-Wayfair SALT compliance top of mind

The Supreme Court's *Wayfair* decision and the TCJA altered the state and local tax (SALT) landscape, making SALT compliance gaps a bigger concern for most businesses.

Monitor compliance with key regulations

To stay compliant, you need to continuously review and assess your business's SALT obligations. Work closely with your tax advisor to evaluate how changing standards and shifting business models interact to affect your state liabilities — and their effect on your overall tax picture. Be sure your analysis includes careful scrutiny of:

- Evolving state nexus standards
- Moving toward a partially or fully remote workforce
- Determining proper apportionment
- Applying Public Law 86-272 correctly

Maximize the tax benefits of your pass-through entity

As more states adopt SALT limit workarounds for PTEs, it's important to explore the potential tax savings opportunities available in your state.

- Many states allow PTEs to elect to pay income taxes at the entity level, effectively bypassing the federal cap on SALT deductions.
- Processes and deadlines vary by state and often require business owners to make annual elections.
- Other potential strategies include composite filing to avoid filing individual returns in multiple states and establishing a net operating loss to add to your personal deductions.

Your tax advisor can help you explore additional opportunities for tax savings while keeping your pass-through business fully compliant with state and local tax obligations.

6. Plan Business and Personal Income Around the TCJA's Sunset

Accelerate income while tax rates remain lower

Many of the TCJA's tax benefits are slated to vanish at the end of 2025. While the reduced 21% corporate tax rate stays in place, the QBI deduction goes away unless legislators extend it. With this in mind, planning to accelerate income from 2026 into 2024 or 2025, where possible, could make sense for some pass-through businesses. If the provision does expire, you'll get a bigger QBI deduction now and avoid paying taxes on the revenue (without the deduction) in 2026.

Consider the timing of your exit

Have you been working on succession plans and getting your business in great shape for a potential transition?

- This multi-year process is the key to getting the most value from a privately held business and is far too important to rush. But if you've been eyeing an exit and preparing for a future sale, putting the business on the market sooner rather than later may offer tax benefits.
- Selling while the TCJA's lower individual tax rates are in effect could significantly lower your tax bill from the sale — assuming the TCJA does end as planned.
- The next administration may or may not work with leaders on Capitol Hill to extend TCJA tax breaks. Talk to your tax advisor to weigh your options under either scenario so you can make an educated decision.

7. Know the New Regulations That Could Help or Hurt Your Business

Maximize deductions and credits to lower your tax bill

New and existing deductions and business tax credits can reduce your tax liability. Your tax advisor should help you identify tax credits and deductions that your business could qualify to claim and explain how to document your eligibility. Some of the most valuable business tax incentives currently available at the federal level include:

Research and development (R&D) credits

Credits for residential energy efficiency improvements, including solar panels

Business energy tax credits

Credits for developing energy-efficient homes (Section 45L)

Work Opportunity Tax Credits for hiring qualified employees

Real estate credits and deductions

Fuel tax credits

Credits for investment in empowerment zones

Comply with new R&D rules or lose this important tax break

The recent requirement to amortize R&D expenses changes the equation for many businesses, especially startups and tech companies. The IRS has set a 5-year amortization period for domestic R&D, while expenses incurred for foreign R&D activities or contractors have a 15-year amortization schedule.

Be sure to document all R&D expenses thoroughly, as the updated Form 6765 expands reporting requirements for 2024 and subsequent years.

8. Unload Your Obsolete Inventory

Offset inventory costs with a charitable donation deduction

Unloading obsolete inventory can be more than an effective management technique. If you donate your serviceable but unneeded inventory to charity, you may be able to claim a charitable donation deduction that could help you recover a portion of your original investment.

Follow the rules for write-offs

In some cases, when inventory becomes obsolete or unsellable, you may be able to write off the value of the inventory as a business expense. However, there are specific accounting and tax rules that apply to this kind of deduction. Seek professional guidance to make sure improper write-offs don't expose your business to compliance risks.

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Assess alternative inventory valuation methods to use in 2024

Do you know that different inventory valuation methods can impact your bottom line? Each of these common methods has a slightly different impact on cost of goods sold (COGS) calculations:

- First-In, First-Out (FIFO)
- Last-In, First-Out (LIFO)
- Specific Identification
- Weighted Average Cost

You can end up with different taxable income accounts, depending on the method you choose. Your tax advisor can help you compare the numbers. If your current valuation method isn't the most tax-effective option, they'll help you decide on a different approach to adopt in 2025.

9. Be Deliberate About AP

Pay AP by year-end to lower taxable income this year

If you use a cash basis for accounting, you can deduct accounts payable (AP) payments in the current year. If you've got the free cash flow, paying AP and even getting a jump on January's bills can help lower your taxable income for 2024.

Or wait to pay your AP to ease cash flow

If lowering your 2024 taxable income will limit your working capital, it probably isn't worth paying AP this year. Before you clear out AP, take a realistic look at your cash flow capabilities.

10. Pay Previously Accrued Expenses Owed to Related Parties

Time deductions for previously accrued expense payments carefully

IRS rules for transactions between related parties require businesses to claim tax-deductible transaction expenses in the same year that the related party recognizes the income. The complexity of these rules makes related party transactions a frequent pitfall that can trigger IRS scrutiny and lead to penalties and interest. For consistent compliance, consult a qualified tax advisor who can help you navigate the rules around related party transactions.

11. Claim the Benefits of Interest Capitalization Rules

Understand Section 163(j) limitations and opportunities

Since the TCJA imposed limitations on the deductibility of net business interest expenses, relying on high depreciation and amortization rates may not provide a tax benefit. Under TCJA rules, you can only deduct an amount equal to the total of your business interest income plus 30% of your adjusted taxable income. However, you may have the option to reduce your tax liability by capitalizing some interest costs.

- Section 1.263(a)-2(g) of 164(j) regulations allows eligible businesses to capitalize interest expenses into inventory and then flip it in a subsequent year.
- This allows you to treat interest as part of COGS when the inventory is eventually sold, potentially reducing your taxable income.

Capitalize interest as part of construction costs

If you built a structure for your business or undertook a major remodeling project, you may be able to capitalize project-related interest expenses as part of the construction costs. This adds the interest expense to the overall cost basis of the building or improvement, potentially increasing allowable depreciation deductions and reducing your taxable income in future years.

Business interest expenses can add up, so finding a tax-efficient way to handle these costs has a meaningful impact on your profitability. Consult your tax advisor for help creating a strategy that will save you the most money possible under current tax laws.

12. Categorize Qualifying Expenditures as Repairs (If You Can)

Find out if you can deduct repairs in the year you incur the expenses

Rather than capitalizing and depreciating expenses over several years, classifying expenditures as repairs may allow you to deduct the full cost in the year you incur the expense. This could include maintenance, repairs and similar activities that keep your property in good working condition.

Increase your cash flow with a current-year deduction

Treating these expenses as ordinary and necessary business costs can help lower your tax bill and improve current-year cash flow by reducing your taxable income. Take care to properly classify the expenses as repairs under IRS rules before claiming a deduction.

The distinction between repairs you can deduct and amortizable capital expenses can be fuzzy. An experienced tax advisor can help you clarify which category your costs fall into so you can avoid IRS scrutiny.

If lowering your 2024 taxable income will limit your working capital, it probably isn't worth paying AP this year.

13. Maximize Vehicle-Related Deductions

Evaluate the mileage method

Under the mileage method, you can deduct a standard amount per mile driven for business purposes. This rate is set annually by the IRS and includes costs like gas, maintenance and insurance. Most businesses choose this method for its simplicity, but it isn't necessarily the most beneficial choice.

See if the actual expenses method yields additional savings

Alternatively, you may choose to use the actual expenses method — which involves deducting the actual costs of operating the vehicle for business purposes. This generally results in greater deductions but requires more recordkeeping and documentation.

Remember that for either method, these deductions come with specific rules and requirements. Maintain detailed records of your mileage before claiming a tax break. If you opt for the actual expenses method, be sure to work with a qualified tax professional to help you avoid mistakes and penalties.

14. Use NOLs to Your Advantage

Carry NOLs forward to reduce future tax bills

There's no limit on the amount of net operating losses (NOLs) a business can carry forward to future tax years. This creates the opportunity to take full advantage of any losses your company may have incurred. (Note that while the carryforward period is infinite, you can apply NOL amounts carried forward only up to 80% of a future year's net income, and you must fully draw down NOLs in the order in which you incurred the losses.)

15. Evaluate Your International Structuring

Optimize tax efficiency in business structures and operations

International business expansion can offer business opportunities, but it also brings added complexity and regulatory requirements. Working with advisors who have international tax planning experience can help you:

- Identify tax savings opportunities
- Structure your operations to optimize tax efficiency
- Implement IC-DISC and other appropriate strategies

Navigate layers of regulatory requirements

Staying fully compliant is a complex and ongoing challenge if you operate internationally. You must comply with additional tax reporting obligations, such as foreign bank account reporting (FBAR) and the Foreign Account Tax Compliance Act (FATCA). Failure to comply can lead to significant penalties, fines and legal consequences, so it's important to seek expert guidance if your business has any cross-border activities or investments.

STEP THREE

Capitalize on Business Owner Tax Benefits

03

You can claim many IRS-approved tax perks designed especially for business owners and entrepreneurs. Couple professional guidance with timely planning to unlock these benefits that can help minimize your personal tax liability.

1. Plan for a Tax-Efficient Business Sale

Time transactions to minimize tax liabilities

If you're planning to sell your business in the near future or have been approached by potential buyers, thoroughly assess the tax implications of such a transaction before making any kind of agreement. Work with an advisor to evaluate the timing. It's possible that closing on the sale before year-end could get you a more favorable tax outcome based on your projected income, deductions and tax credits for 2024 and 2025.

Remember that the TCJA is set to expire at the end of 2025. If it does, your proceeds from a future business sale will likely be subject to marginal tax rates higher than today's.

Take advantage of the higher estate and gift tax exemption

The lifetime estate and gift tax exemption is historically high but is set to drop dramatically.

Historic Estate Tax Exemption Per Person

Year	Exemption Amount
2011	$5,000,000
2012	$5,120,000
2013	$5,250,000
2014	$5,340,000
2015	$5,430,000
2016	$5,450,000
2017	$5,490,000
2018	$11,180,000
2019	$11,400,000
2020	$11,580,000
2021	$11,700,000
2022	$12,060,000
2023	$12,920,000
2024	$13,610,000

Source: IRS.gov

Beginning January 1, 2026, the exemption will be cut roughly in half and revert to 2017 levels, adjusted for inflation. While legislators may extend the higher exemption, there's no guarantee that will happen.

Business owners and others with high net worth should make strategic wealth transfers during this window of opportunity. If you haven't already talked with your trust and estate planning professionals about how to lower your estate's tax exposure, make it a high priority to schedule a consultation now.

Be aware of installment sale rules

Structuring the transaction as an installment sale may allow you to defer recognition of the sale proceeds until you receive payment, which could potentially reduce your 2024 tax liability. If you go this route, bear in mind that inventory sales and depreciation recapture are not eligible for installment sales. It's important to assess your eligibility for an installment sale and decide whether it aligns with your financial goals before year-end.

Develop a tax-smart succession plan

Effective succession planning starts long before you're ready to exit your business, and it's essential that you consider the tax implications of any potential transfer of ownership or assets. If you don't have an exit plan in place, consider reaching out to a professional and creating one now. Giving yourself a long runway typically offers the best opportunity to minimize tax exposure associated with your transition out of the business.

Evaluate your partnership agreements

You can help prevent unexpected tax consequences by making sure your agreements are up-to-date and strategically aligned with your tax planning goals. Review all operating agreements and update them as needed. Pay special attention to provisions that carry financial and tax implications, such as:

- Tax allocations
- Timing and amounts of capital contributions and distributions
- How profits and losses are shared among partners
- Compliance with tax reporting obligations

2. Calibrate QBI Deductions

Evaluate various QBI scenarios

Preparing an income and tax projection for your pass-through business can help you maximize the value of your QBI deductions.

- The formula governing the amount of this deduction hinges on multiple factors — many of which you can control — which makes working through the variables with a tax professional a worthwhile exercise.
- Together, you can review key hurdles and requirements for QBI deductions, such as the amount of qualified income, wages and qualified fixed assets.
- Once you have a fairly clear picture of the numbers, you may be able to adjust some variables and increase the amount of your QBI deduction.

3. Stretch Your Charitable Donation Deductions

Receive benefits beyond giving

Charitable donations can allow pass-through business owners to fulfill philanthropic goals while simultaneously reaping tax benefits.

- You can maximize charitable deductions by setting up and funding a donor-advised fund (DAF) in one year to receive an immediate tax deduction — even if you distribute the donations to your selected charities in future years.
- This front-loading approach allows you to strategically plan your donations while centralizing your recordkeeping and streamlining your contributions management.
- Another option to consider is grouping charitable donations into alternating years. A batching strategy allows you to take advantage of the higher standard exemption in one year and claim a bigger charitable giving deduction in the next.

04

STEP FOUR

Pay Attention to Industry-Specific Regulations

The strategies we've touched on so far are broadly applicable and illustrate the value of proactive tax planning for every business. But don't stop there. Industry-specific regulations often play a big role in your tax liability, and knowing how to use them to your advantage can yield significant tax benefits.

Working with industry specialists can help you uncover new ways to save money on taxes. Here are just a few of the industry-specific strategies that could yield valuable tax advantages.

Manufacturing and Distribution

INTEREST CHARGE DOMESTIC INTERNATIONAL SALES CORPORATION (IC-DISC)	If you make or distribute U.S. products for export, you may be able to reduce your income tax liability by setting up a qualified IC-DISC subsidiary entity to handle international transactions.
RESEARCH & DEVELOPMENT	Federal R&D income tax credits can potentially offset a significant portion of your business revenue, even with the requirement to amortize. Many states also offer R&D tax credits.
SECTION 163(j)	You may be able to capitalize eligible interest expenses into assets on your balance sheet. Understanding how to apply interest capitalization rules can help you avoid Section 163(j) limitations on the deductibility of business interest. Capitalizing these expenses could potentially lower your tax liability by reducing the amount of disallowed interest expenses.
WORK OPPORTUNITY TAX CREDIT	Tax credits for hiring new employees from targeted groups range from $2,400 to $9,600 per qualified employee. You can use these credits to offset business income tax or Social Security tax liabilities.
COST SEGREGATION STUDY	Cost segregation studies can help identify building components and improvements, such as electrical or mechanical systems, that you may be able to classify as personal property. This allows a shorter depreciation recovery period and larger depreciation deductions.
INVENTORY REVIEW	Accurate and up-to-date inventory valuations can help you properly account for COGS, which can reduce your taxable income and overall liability. Inventory reviews can also help you document and claim deductions for losses due to damaged, lost or stolen inventory.

Professional Services

RETIREMENT PLANNING	Professional services firms need to establish well-thought-out and tax-efficient arrangements for when a partner retires or exits the firm. Working proactively to address these scenarios before they come into play can create big tax savings when they do happen.
QBI TWEAKS	If you have a pass-through business, hitting the right balance between wages and other compensation can help you get the largest allowable QBI deduction.
SALT CAP WORKAROUNDS	In many states, owners and partners in pass-through businesses use workarounds designed to lessen the impact of the federal limit on SALT deductions. The rules vary by state but generally include electing to pay income tax at the entity level, making it a deductible business expense.

Technology

RESEARCH & DEVELOPMENT	Small tech companies can often apply federal R&D credits against payroll tax liabilities. You can usually carry unused R&D credits forward to offset future tax liabilities, too. Some states also allow you to carry back R&D credits.
SECTION 174	TCJA rules require technology companies to capitalize and amortize most R&D expenditures over 5 or 15 years, depending on where you incur the expense. This includes the cost of developing new technologies or software as well as improving existing products or processes.
NET OPERATING LOSSES	If you invest heavily in R&D, NOLs can be an important tool to help you offset future taxable income. Under TCJA rules, however, you can no longer carry back NOLs and can only carry them forward to cover up to 80% of taxable income. Professional tax guidance is essential, as this rule change may put you in an unfamiliar taxable position that an expert can help mitigate.

Real Estate

PROPERTY TAX ABATEMENT	Property tax abatement can reduce or eliminate taxes for developers and other business owners who make significant improvements to a property.
COST SEGREGATION	By accelerating asset depreciation, cost segregation studies can often reduce your tax liability if you're a developer, real estate investor or you have significant business property holdings.
SECTION 45L	Part of the Inflation Reduction Act, Section 45L offers developers a potential tax credit that ranges from $1,000 to $5,000 per qualified energy-efficient dwelling unit. This dollar-for-dollar reduction can be retroactive for projects placed in service from 2020 to 2022 and is available through the end of 2032.

Don't Pay More Business Tax Than You Owe

A complex and changing regulatory landscape can make year-end tax planning a challenge, but you don't have to go it alone. The right insights and support can help you identify new tax savings opportunities, claim all available incentives and avoid unseen liabilities. Find out how our business tax experts can help you design and implement a strategic tax plan that keeps you in compliance and maximizes your bottom line all year long.

Possible (Re)Defined™

Armanino delivers impactful, bold solutions that increase clarity and spark success for today and tomorrow. Our integrated audit, tax, consulting and technology services serve a wide range of organizations in the U.S. and globally.

Addressing today's challenges is just as important as planning for the future. Our teams bring deep industry experience to help organizations reach peak performance, providing data-based guidance to optimize operations and finances.

When you work with us, expect to go beyond. Count on us to bring an entrepreneurial, creative approach that takes you further, faster. From tax questions to sustainability to large-scale transformation, we're not afraid to take on your biggest challenges.

If you need guidance on a global scale, our association with Moore North America Inc., a regional member of Moore Global Network Limited, one of the world's major accounting and consulting associations, allows us to seamlessly extend our full range of services and resources to over 100 countries.

No matter what's next, Armanino has the insight and foresight to help you redefine what's possible for your organization.

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