Tax Strategies for Real Estate Professionals



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CERTIFIED PUBLIC ACCOUNTANTS

"The Chinese use two brush strokes to write the word 'crisis.' One brush stroke stands for danger; the other for opportunity. In a crisis, be aware of the danger--but recognize the opportunity."

John F. Kennedy



- > Great time to re-evaluate our business
- Understand the power that a business owner holds - especially real estate professionals
- Small changes can have great accumulated results



\$10,000 invested yearly over 10 years can result in around -

\$200,000

By understanding the <u>tax</u> <u>savings</u> <u>opportunities</u> a business owner has and using these to your <u>advantage</u>.



Tax Strategies for Real Estate Professionals

- Entity Selection
- 2. Commonly Overlooked Tax Strategies
 - Hiring Family
 - Retirement Plans
- 3. Section 280a
- 4. Short Term Rental (STR) Loophole



Entity Selection

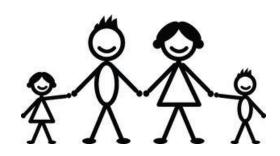
	Sole Proprietor/ LLC	S-Corporation	
		Wages	Distribution
Net Income	\$100,000	\$50,000	\$50,000
S.E. Tax or Equivalent (15.3%)	\$15,300	\$7,650	-
Federal Taxes	Equal	Equal	
State Taxes	Equal	Equal	

Tax Savings -	\$7,650
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Hiring Family Members

- Formalize Working Relationship with Family
- College Planning
 - > Pay children and <u>not</u> college
- Other Advantages
 - Children begin their <u>wealth</u> <u>building</u> journey
 - Retirement plans for family





For further questions, e-mail: questions@manningsilverman.com

Retirement Plans

- > SEP IRA / Solo 401k higher contribution limits
- Simple Plan
- Employee and Employer Contributions
- Use retirement plans to both save tax and plan for retirement



Section 280a

- Work <u>ON</u> your business, not <u>IN</u> your business
- Section 280a rule
- > 14 days at
 - > \$2,000 = \$28,000
 - > \$3,500 = \$49,000
 - > \$5,000 = \$70,000
- > Must be <u>fair market</u> <u>value</u>



Short Term Rental (STR) Loophole

- Taking Tax Losses
 - > Can take tax losses with material participation
- Cost Segregation Study
 - Use tax losses to offset income from other sources



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How would \$200,000 impact your life -

By understanding the <u>tax savings opportunities</u> a business owner has and using these to your <u>advantage</u>.

