

How Any Small Business Owner  
or Self-Employed Person Can Save Thousands In Taxes:  
Find Out What The IRS Doesn't Want You To Know!  
(For Small Business Owners & Self-Employed People Only)

by  
Wayne M. Davies  
Certified Tax Professional

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CONTACT INFORMATION:

Wayne M. Davies Inc.  
4660 W. Jefferson Blvd., Suite 220  
Fort Wayne, IN 46804  
Phone: (260) 459-3858 / Fax: (260) 459-0124  
email: [Wayne@YouSaveOnTaxes.com](mailto:Wayne@YouSaveOnTaxes.com)  
<http://www.YouSaveOnTaxes.com>

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# CHAPTER ONE

## How To Make Sense Out Of Nonsense -- The Small Business Owner's Guide To The Wild & Wacky World of Taxes

Congratulations! You are the proud owner of one of America's greatest treasures: The Small Business. Without question, our country is truly the "Land of Opportunity." And Small Business Owners like yourself are the main reason why.

I use the term "small business" to include home-based businesses (whether full-time or part-time) as well as online businesses (whether full-time or part-time).

Whether you are making a living from the Internet or just getting started to "see what you can do" in your spare time -- you will soon find out that, at least in the eyes of the IRS, you own a small business and must report that business on your tax return.

Also included in this definition of "Small Business Owner" are self-employed people. You may not own a store, rent an office, or have employees. You just do what you do "flying solo", just you and your web site, offering your products and/or services to the world. Again, from a tax standpoint, you too are considered to be a Small Business Owner and no matter how small you may think your business is, your tax situation just became significantly more complicated.

So, congratulations on taking the first step to "going it alone." There are probably as many reasons for starting a Small Business as there are people who have started a Small Business. But undoubtedly the most common reason for starting a Small Business is the most obvious one: To Make Money -- Lots of Money!

Running a Small Business *successfully* (and by that, I mean *profitably*) is a tremendous challenge. There are a multitude of obstacles to making money in your business. And perhaps the most frustrating one that stands in the way of your success is **TAXES!**

We live in a great country, for sure. But our "system" is not without its problems. And one of the greatest problems you face as a Small Business Owners is simply this: *"How can I legally reduce my tax bill?"*

TAXES!! Income Tax, Payroll Tax, Sales Tax, Real Estate Tax, Personal Property Tax, Excise Tax. The seemingly never-ending list of taxes is just that -- A NEVER-ENDING LIST!! IT DOESN'T END!!!

And not only is our tax system "never-ending", it is also incredibly frustrating because of its complexity.

Just how complicated is The Tax Code? Consider this: Way back in 1913, when federal income taxes first began, the entire Tax Code occupied a mere half-inch thick book. The first federal income tax return was a simple two-page form with four pages of instructions.

Now what do we have? -- a literal monster! Today the Tax Code takes two four-inch thick volumes to print, along with well over a million lines of "regulations" that officially explain and interpret what the Code means. Then when you add all the relevant tax-related Court decisions that apply the Code -- well, now we're talking about 25 feet of library shelves! (Thank God for CD-ROM technology -- all these books can now fit on a single disk!)

With all these tax regulations, what's the average taxpayer to do? I realize just how intimidating the Tax Code can be to the Small Business owner like yourself. I've tried to write this report in "every day" language -- no accountant's "techno-babble." My intent here is to help you make sense of one of modern civilizations most "non-sensical", complicated and mind-boggling documents -- the U.S. Internal Revenue Code (a.k.a. "The Tax Code").

As a Small Business Owner, here's the first thing you must realize:

**Given the same amount of profit,  
not all businesses pay the same amount of taxes!!**

Think about that for a moment. It's probably something that you've always wondered about, maybe were even a bit suspicious about. Well, if you always thought that some people pay less tax than you (even though they make the same amount of income), YOU ARE ABSOLUTELY CORRECT!

Why is that?

Is it fair? (Maybe, maybe not!)

Is it "right"? (Hmmm. . . That's a tough one to answer!)

Is it legal? Ah, now we're getting somewhere.

**YES, IT IS ABSOLUTELY LEGAL  
FOR ONE BUSINESS OWNER TO PAY LESS TAX  
THAN ANOTHER BUSINESS OWNER,  
EVEN THOUGH BOTH HAVE THE SAME INCOME!!!**

Any why does this happen, you ask? I'm going to answer this question by telling you about the easiest (and perhaps the most overlooked) tax-reduction strategy on the books.

***Many Small Business Owners are paying way too much tax, simply because they own the "wrong" type of business!!!***

Now what do I mean by the "wrong type" of business?

I'm not talking about "type" in the sense of whether you own a Carpet Cleaning Business vs. a Pet Store. I don't mean what kind of industry your business is. I don't mean whether you are a manufacturer, a wholesaler, a retailer, or a service business.

Very simply, I'm talking about whether your business is a **Sole Proprietorship**, a **Partnership**, a **"C" Corporation**, an **"S" Corporation**, or a **Limited Liability Company (LLC)**.

There are several "types" of business ownership, from a legal entity standpoint. And you have got to "get this right", or you will pay literally thousands of dollars more in taxes than you should. The simple fact is, there are significant differences in the amount of taxes that each of these business "types" usually pay.

Here's a quick overview of each of these business entity types:

### **SOLE PROPRIETORSHIP**

If your business is not a partnership, corporation, or LLC, then by default you are a Sole Proprietorship. From both a legal and tax standpoint, there is no distinction between you and the business, so you have unlimited liability. You report the business on your personal income tax return (Form 1040) via a special form called Schedule C. Numerous other forms may also be required on your personal return, depending on the complexity of your business and the nature of its operations.

### **PARTNERSHIP**

A Partnership is an agreement between two or more persons to carry on a business. Each person contributes money, property, labor, or skill, and expects to share in the profits and losses of the business. A Partnership must file an annual income tax return to the IRS (Form 1065) to report the income, deductions, gains, losses, etc., from its operations, but the Partnership does not pay income tax. Instead, it "passes through" any profits or losses to its partners via a form called Schedule K-1. Each partner includes his or her share of the Partnership's income and expenses (as reported on the K-1) on his or her personal tax return.

### **CORPORATION**

For tax purposes, there are two main types of corporations: the "C" Corporation and the "S" Corporation. When you form a Corporation according to the laws of your particular state, the IRS automatically assumes you are a "C" Corporation for tax purposes. To become an "S" Corporation, you have to apply for "S" Corporation status via a special application (Form 2553), which the IRS will accept if you meet the criteria to become an "S" Corporation. From a tax standpoint, there are significant differences between a "C" Corp and an "S" Corp.

**C Corporation.** The profit of a "C" Corporation is taxed TWICE(!) -- once to the Corporation and a second time to the shareholders when distributed as dividends. (This is the dreaded "double taxation of corporate profits"). However, shareholders cannot deduct any losses of the Corporation. The "C" Corporation files Form 1120 to report its income and expenses to the IRS.

**S Corporation.** If your business qualifies, it can avoid double taxation by becoming an "S" Corporation. An S corporation generally is exempt from federal income tax, but still must file an income tax return called Form 1120S. The income or loss of the S corporation is transferred from the Corporation to the individual shareholder's personal income tax returns via Schedule K-1, which the Corporation must give to each shareholder.

### **LIMITED LIABILITY COMPANY (LLC)**

This is the newest kind of legal entity. It is a cross between a Corporation and a Partnership. From a legal standpoint, the LLC is much like a Corporation, offering limited liability to the owners (which are called "members"). From a tax standpoint, the LLC is taxed like a Partnership (if there is more than one member) or a Sole Proprietorship (if there is only one member). Like a Partnership, the LLC files Form 1065 and gives a K-1 to each member, so that the LLC's profit or loss is transferred to the personal income tax return of the members.

So here's a recap of what we've covered so far:

<b><u>TYPE OF BUSINESS</u></b>	<b><u>Income Tax Return</u></b>
SOLE PROPRIETOR	Form 1040, Sch C
PARTNERSHIP	Form 1065
"C" CORP	Form 1120
"S" CORP	Form 1120S
LLC	Form 1065 (if more than one owner) Form 1040, Sch C (if only one owner)

Three things bear repeating. (Like a teacher from "The Old School", I like to use repetition to emphasize what's most important!)

### **IMPORTANT POINT #1: Beware the Dreaded Double Taxation of Corporate Profits**

Yes, I *did* say that the "C" Corporation pays income tax on its profit *not* once, but *twice*. Did you understand what that means? This is an incredibly important part of our beloved Tax Code. If you want to enjoy the legal benefits of incorporation (and there are many), then you must come to grips with this issue -- how are you going to legally avoid the possibility of paying both corporate income tax and personal income tax on your business profit?

There are several perfectly legal strategies available to the Small Business Owner to avoid the dreaded double taxation of corporate profits. For many, forming an "S" Corporation is the best option. If you are giving serious thought to forming a Corporation, you should also give serious consideration to applying for "S" Corporation status with the IRS.

Whether or not *you* should apply for "S" Corporation status is a complicated issue that should be discussed with a competent Tax Professional.

## **IMPORTANT POINT #2: Forms, Forms and More Forms!**

Please note that regardless of what entity type you own, each entity has its own long list of business income tax forms that must be filed.

Even the simple one-person Sole Proprietorship has a much more complicated tax return than the W2-type employee. And if you decide to incorporate your business or form a Partnership or LLC, well, things just got even more complicated. All 4 entity types (Sole Proprietorship, Partnership, LLC, or Corporation) require special income tax forms unique to each type of entity.

Perhaps you've been comfortable preparing your own tax returns when you were an employee. Now that you own a business (even a one-person Sole Proprietorship), the consensus among experienced business advisors is simply this -- *when it comes to preparing your business tax returns, don't try this at home!*

If you think personal income tax returns are mind-numbing, you ain't seen nothin' yet!

So, be sure to hook up with an experienced Tax Professional who can help you through this incredibly complex maze of paperwork.

## **IMPORTANT POINT #3: Strive to Understand the Basics**

Having said that, there are some basic concepts you need to master, depending on which entity type you own.

If you're a Sole Proprietor, please note that all the required business income tax forms are filed as part of your personal income tax return.

If you're an "S" Corporation, a Partnership, or a multi-owner LLC, please note that you must file a separate business income tax return, but technically the business doesn't really pay any income tax! (Didn't I tell you things would get a little wacky here!)

Yup, that's taxes for ya! The "S" Corporation files Form 1120S; the Partnership and LLC file Form 1065. If you look on these forms, the heading says "income tax return." **But the "S" Corporation, Partnership and LLC do not actually pay any income tax!**

In effect, this so-called "income tax return" (Form 1120S or Form 1065) is really just an information return, giving the IRS the information about the business' income and expenses.

These three entities then give the business' owners a Schedule K-1, which reports each owners' share of the business' profit or loss. The owner then reports this K-1 information on his/her personal income tax return (Form 1040), where the income is taxed or the loss is deducted.

Still with me? Great.

Are you sure you didn't nod off there amidst all that technical tax-talk? Super!

Congratulations on making it through this little lesson on Taxation 101. Don't worry if it didn't all make complete sense. I'm convinced that our beloved politicians (the ones who make up these crazy tax laws) are doing their best to keep us all confused.

## CHAPTER TWO

# How To Pass Any IRS Audit With Flying Colors

Or: "My Recent Close Encounter of the IRS-Kind"

Congress recently passed legislation that is supposed to result in a more "sensitive" Internal Revenue Service. You know, not such a lean, mean, tax-collecting machine.

I DON'T THINK SO! Here's why.

A few months ago, one of my clients (let's call him Mr. Jones) got one of those IRS "love letters" requesting more information about his return, and the IRS wanted to meet with Mr. Jones in person to discuss the situation (not a good sign!)

Mr. Jones (a local small business owner) was required to show up at the local IRS office with all his records. The IRS was questioning the legitimacy of several business deductions -- and so the IRS was doing what it is allowed by law to do -- demand that the taxpayer prove that those deductions were valid.

[By the way, most IRS audits are done these days by mail. Humans are rarely involved in these so-called "correspondence audits."

Those big IRS computers can check and cross-check all kinds of information that should be reported on your tax return. And if something doesn't show up on the return that is easily tracked by the IRS computers, then the computer just spits out a not-so-friendly "discrepancy notice", which you can respond to via mail.]

Turns out that Mr. Jones lost the audit and ended up owing the IRS a significant amount of money -- the additional tax, plus penalty and interest for late payment of that tax. Why did Mr. Jones' lose the audit? Mr. Jones made two "classic" taxpayer mistakes:

### MISTAKE #1: "NO RECEIPT, NO DEDUCTION"

Mr. Jones lost several deductions simply because he didn't have the proper documentation to prove the deductions.

What do I mean by "documentation"?

Well, if the IRS requires you to substantiate a deduction on your tax return, you must be able to provide written proof that the deduction really happened. The easiest way to prove a deduction is to hang on to:

a) The receipt or invoice, and

b) Proof of payment, which can be a canceled check, cash receipt, or credit card statement.

Mr. Jones reported numerous deductions for which he simply didn't have the documentation. No receipts, no canceled checks, no nothing. Turns out that Mr. Jones was one of those "cash guys". Do you know what I mean by a "cash guy"? Maybe you know what kind of guy I'm talking about -- He never wrote a check in his life, just carried a wad of cash around in his pocket. He paid for everything with cash, and never kept any of his receipts.

Every year he would just sit down with his wife and "remember" how much he spent on different things. No way to prove any of this, of course. He just had a "feel" for how much cash he had spent, and he had run his business for so many years that he just "knew" how much it cost to purchase certain things.

Well, this is the kind of taxpayer that the IRS loves! It really is true -- if you can't prove that you paid for something (with receipts, invoices, canceled checks, etc.), then you run the risk of losing that deduction in the event of an audit.

One of the most common questions I am asked by clients is this: "I know I paid for something, but I don't have a receipt. Should I still report the deduction?"

My response is usually this: "You only need a receipt if you get audited!"

Think about that for a minute! At first, many clients don't know if I am joking or not.

Well, I do make that comment with my tongue planted firmly in cheek, but there really is a lot of truth to it. If you don't have the documentation to prove a deduction, you can still report the deduction (if you want), because you only have to prove the deduction if you get audited.

But if you do get audited, knowing that there are undocumented deductions on the return, be prepared to lose the deduction!

And here's the second major mistake that Mr. Jones made:

## **MISTAKE #2: BOGUS DEDUCTIONS!**

It turns out that Mr. Jones wasn't completely honest with me about some of his deductions. He reported deductions that simply were not real deductions. Here's one example:

Mr. Jones owned several rental houses. These rental houses, of course, required maintenance and repair work. Many times Mr. Jones would do the work himself rather than pay someone else to do the work.

Well, Mr. Jones would estimate what he would have had to pay someone else to do the work that he did himself, and then he would report that amount as a deduction, even though he didn't actually pay anybody to do the work!

In other words, Mr. Jones deducted the value of his time -- a big No-No!

This is an important point -- you can never legitimately deduct the value of your time for work you did. You have to actually pay someone else to do the labor.

Well, that's what happened to Mr. Jones. He made a couple classic mistakes and paid the consequences.

I hope you benefited by learning what can happen in a real audit. If you ever get a letter from the IRS that demands additional information, you'll have nothing to worry about if you do exactly the opposite of what Mr. Jones did. If you can properly document your deductions and assuming you have no bogus information, you'll pass the audit with flying colors!

## CHAPTER THREE

### 4 Simple Steps To Reduce Your Taxes Now!

As an experienced Tax Professional, I prepare literally hundreds of tax returns every year. When I first started out, I used to think that the best way I could help people was to prepare a return as accurately and as quickly as possible. You know, provide "great customer service".

And it is very important that your return be done "right" -- all the numbers on the right lines, using the right forms, etc.

But no matter how good a job I did preparing tax returns, every year I would hear the same complaint over and over again from my clients:

"I pay way too much tax! The government is getting way too much of my money! What can I do to pay less tax? How can I lower my tax bill -- legally?"

Sound familiar? I'd bet a lot of money that you've felt this way, too. Most people feel this way. And I know that most Small Business Owners feel this way.

And most people really don't know what to do about it! I mean, what can you, the typical Small Business Owner/ Self-Employed Person, really do to lower your taxes?

I'm here to tell that there is plenty you can do. So let's get started. Here are 4 simple steps you can take to drastically reduce your taxes:

#### **STEP #1: Understand How Serious Your Tax Problem Is**

I'm an Accountant. You know, a "numbers guy". So here's a few numbers that will simply amaze you, startle you, probably (and hopefully) even SHOCK you!

Are you aware of just how much in taxes you are paying? Sure, when you look at your tax return each year, you see the numbers, right there in black and white. But I rarely meet someone who truly understands the significance of your annual Tax Bill.

Well here are the numbers. And it ain't pretty. The following is a chart that tells how much the average family spends on various consumer categories -- as a percentage of income. It's not just how much you spend on taxes that is important, it's how much you spend on taxes *as compared to all other major categories of spending!*

## Consumer Spending: How Do You Spend Your Hard-Earned Dollars?

Taxes	32.0%
Housing	16.7%
Medical Care	11.5%
Food	8.2%
Transportation	7.9%
Recreation	5.7%
Clothing	4.1%
Savings	1.4%
Other Miscellaneous	12.5%

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TOTAL 100.0%

So there you have it. If you think you are being "nailed" by the government, you are absolutely right. You spend more on taxes than any other category of consumer spending. In fact, ***you spend more on taxes than on food, clothing, and housing combined!!!*** (Run the numbers: Food-8.2% + Clothing-4.1% + Housing-16.7% = 29% vs. Taxes-32.0%)

Think about it -- the Average American spends 32% of his/her income on taxes. And it's not just federal income taxes we're talking about here. There's also state income taxes and local income taxes (like your city or county).

Oh, we're not done, yet! That 32% also includes "Payroll Taxes" -- for employees, that's the 7.65% of your gross wage that goes to fund Social Security and Medicare programs; for business owners and self-employed people, Payroll Taxes are double that amount -- 15.3% of your wages or self-employment income.

And if that's not enough, there is also Sales Tax, Excise Tax, and good 'ole Property Tax.

Finally, we also have to include Corporate Income Tax. Why do I include that in the 32%? Well, where do corporations get the money to pay their corporate income tax? From consumers like you and me, that's where! When you buy groceries, part of the price is going to be used by the grocery store to pay the store's income tax. The grocery store just passed his tax bill on to you!

Here's another way to look at it. Each year economists do a calculation to determine "Tax Freedom Day". What is "Tax Freedom Day"? It's a way to graphically depict that we spend 32% of our money on taxes. In Year 2002, Tax Freedom Day was April 27. That means that from January 1 through April 27, all the money you made went to taxes. Finally, on April 27, you now get to keep what you make for the rest of the year!!! Yippee!!!

By the way, the April 27 date is a national average. ***Your*** actual Tax Freedom Day may actually be a few days sooner or later than April 27, depending on which state you live in. That's because state and local taxes vary considerably. For example, Washington, DC residents do not get to celebrate Tax Freedom Day until May 17. Connecticut's Tax Freedom Day is May 14 (the latest of any state.) The earliest state to celebrate Tax Freedom Day is Alaska -- April 8.

Maybe you already knew "intuitively" that your Tax Bill is outrageously high. If not, the picture I've just painted should thoroughly convince you that you pay too much tax, period.

## **STEP #2: Get The Right Attitude About Your Taxes**

What do I mean by this? Well, you simply must have a certain "mental attitude" toward this whole idea of paying taxes. I'll get right to the point -- you must have an attitude about taxes that says, "Enough is enough. I'm paying way too much tax and I don't like it! And it's about time I did something about it -- TODAY!"

After reading those numbers above -- paying 32% of your income to the government -- how do you feel? Doesn't that just make you furious? If so, great, then you are on your way to solving this problem. (The old saying is true -- "You can't solve a problem until you admit you have one!")

If you saw those numbers above and said, "Big deal. So I work until April 27 for the government. So what? So does everybody else in this country" -- well, I'm sorry, but you might as well just throw this report in the trash and forget about it. You will continue to pay way too much tax because you really don't care about it.

To reduce your taxes, you must have a passion for paying less tax. You must get angry about it. Get pissed off about it. Right now, or before the day is over, go get last year's personal income tax return (Form 1040) and look at how much tax you paid for last year.

Now, when you have Form 1040 in front of you, do you realize where the most important number is on this form?

NO, it's not Line 67 -- which tells you how much of a refund you got (if any!).

NO, it's not Line 70 -- which tells you how much you still owed, the balance due with the return.

The most important number on Form 1040 is Line 58. Read it. It says: **This is your TOTAL TAX.** That is how much federal income tax you paid for all of last year.

When it comes to reducing your taxes, it doesn't matter whether you got a refund or whether you had a balance due.

What matters is -- what was your total tax liability for the year. That's the "magic number" that should just make your blood boil and your heart beat so fast that you can hardly stand it.

Now that I've got you all "riled up" about paying so much tax, let's move on to Step #3.

### **STEP #3: Realize That Reducing Taxes Is The Easiest Path Possible To Becoming A Millionaire**

Consider this simple fact: Reducing your taxes by just \$4,000 per year is the easiest way possible to becoming a millionaire.

Let me elaborate.

First, let me "run the numbers" for you. Let's say you implement some new tax-saving strategies that reduce your taxes by \$4,000 each year. Now, if you take that \$4,000 per year in tax savings and invest it over the next 30 years, assuming you earn 11.5% on your investment, you end up with \$1,048,745.98 at the end of the 30 years!

And here's the best part about this scenario: Where did you get the \$4,000/year to invest? Well, you got it from money that would have gone to Uncle Sam! It's money that you used to spend on taxes, part of the 32% of your income that goes to taxes each year.

In effect, it's free money! It's money that was always there -- you just didn't realize it.

Is this a good deal or what? In effect, by taking advantage of the tax reduction strategies you'll read about shortly, the government will finance your million dollar retirement.

And let's say your tax situation is such that you save \$2,000/year instead of \$4,000/year. Same assumptions: you invest the \$2,000 each year at 11.5% for 30 years. End result: \$524,372.99. Not too shabby, eh?

So all you have to do is come up with the tax-saving strategies that will put \$2,000 or \$4,000 in your pocket each and every year. Which brings us to Step #5.

## **STEP #4: Get Hold Of The Tax-Saving Strategies That Will Make You A Millionaire!**

You know, it doesn't really take much information to save a lot of money in taxes. It is true: Just A Little Bit Of Tax Knowledge Can Save You Thousands Of Dollars Every Year!

Useful tax information is freely available. On the Internet, at your local library, and through your local tax professional.

The question is: Are you willing to spend some time this year learning about effective tax strategies that can save you literally thousands of dollars?

Here's a simple goal to set for yourself: Over the next 10 weeks, set aside just an hour a week to read up on tax-reduction strategies. That's all, just 10 hours.

Chances are you'll find 2 or 3 strategies that reduce your tax bill by \$1,000 this year.

So you spend 10 hours and, in effect, pay yourself an extra \$1,000 for your time. Not a bad hourly rate, eh?

Many times, that's all it takes to pay less tax.

## CHAPTER FOUR

# 5 Most Common Tax Myths That Cost You A Bundle

### PLUS: Why Millionaires Never Prepare Their Own Tax Returns

You realize just how serious the problem of taxes is. You pay a ton of money to Uncle Sam, and you don't like it. In fact, whenever you think about it, you get so mad that you end up "all lathered up and nowhere to go."

If you accept the fact that you pay way too much tax, and if paying taxes makes you so upset, then why haven't you done anything about it? Why was your tax bill so high last year?

You paid too much tax last year (and the year before that, and the year before that . . .) because you have probably been an innocent victim of many popular myths about taxes. Misconceptions, misinterpretations, mis-information. Just a lot of plain old "un-truths" are floating around out there.

Here they are. Get rid of them or you'll be stuck paying too much tax forever!

#### **Tax Myth #1: I don't make enough money to worry about reducing my taxes.**

Nothing could be further from the truth. People at all levels of income can pay less tax. Tax reduction strategies are not just for the rich and famous. No matter how much money you make, you can pay less tax than you currently pay.

And here's another important point: If you own a business or are self-employed, and your business has a loss, you can use that loss to offset other sources of income, such as your wages from a "regular" job, your spouse's wages, investment income, rental income, other business income.

So if you are able to increase your deductions (which I'll be talking about later in this report) so much that you end up with a business loss, that's OK (at least from a tax standpoint).

In fact, if your business loss is so great that it completely offsets all your other income, so that you end with zero taxable income, then you could conceivably have zero tax to pay for that year!

And if your business loss for one year is so great that it more than offsets all your other income in the current year, you can take advantage of a special rule that lets you: a) Carry back that excess loss to the 2 prior years, thereby entitling you to a refund of taxes you already paid for either (or both) of those 2 prior years; and/or b) Carry forward that

excess loss to the next 20 future years, so that any income you earn in the future will be reduced by that excess loss.

**Tax Myth #2: Tax reduction strategies are too complicated for me to use.**

Again, total and complete hogwash. There are plenty of ways for you, the average American, to lower your taxes. Tax reduction is not just for the wealthy who can afford high-priced attorneys who finagle their way out of paying taxes with sophisticated tax-avoidance schemes, you know, like off-shore trusts and foreign bank accounts.

The average Small Business Owner has plenty of tax reduction strategies at his/her disposal. You just have to know what they are and how to use them (more on that later).

**Tax Myth #3: "I had my return prepared by an Accountant, so I know I paid the right amount of taxes."**

There are thousands of excellent, hard-working accountants out there who do a great job of preparing millions of tax returns every year. And if you use a tax professional, maybe your accountant has done everything possible to reduce your taxes to the legal minimum.

Based on my own experience, however, I'm convinced that many taxpayers who use professional tax preparers are overpaying their taxes, sometimes by literally thousands of dollars each year!

Why is that? Well, there are many reasons. The most obvious one is this: Many professional tax preparers are just that: tax preparers and tax preparers only. A good tax preparer may know how to prepare a tax return in his/her sleep. He knows the forms backwards and forwards. He knows what numbers go on which form perfectly.

But that's it. That's all he/she knows.

A good tax preparer is not necessarily knowledgeable in tax reduction strategies. There's a big difference between a good tax preparer and a savvy tax reduction specialist.

I frequently get new clients who are looking for *more* than good tax preparation. They are looking for good tax planning and good tax minimizing information. They want an accountant who doesn't just "do the returns", send out a bill and say "Next, please."

**Tax Myth #4: "My tax situation is OK because my \_\_\_\_\_ (fill in the blank with a family member or other "good friend") takes care of my taxes."**

There are various versions of this myth. Do any of these sound familiar?

"My brother-in-law takes care of my taxes."

"My uncle takes care of my taxes."

"My college buddy takes care of my taxes."

And of course, the same problem exists with Myth #4 as Myth #3. Even when someone you know and trust does your returns, how do you know that this person is not only a good tax preparer but also a good tax reduction specialist?

And often, many of these family members or "buddies" are not even professional tax preparers. This person just happens to be "The Family Accountant", so to speak. Just like every family has one person who knows a lot (or acts like he knows a lot) about cars (or mutual funds, or carpet cleaning, or whatever), many families have someone who "knows enough to be dangerous" with regard to taxes.

Your "Family Accountant" probably loves doing his own return, so why not have him do yours, too?

And even if your "Family Accountant" is a professional tax preparer, he's probably not charging you for the return. He's doing you a favor. He prepares your return; you change his oil.

My first reaction to this kind of situation (when someone is getting his/her return prepared for free) is this: You get what you pay for! When a family member does your return "for free", how much attention can he give to your need for tax reduction strategies. Probably very little.

**Tax Myth #5: "My tax situation is OK because I prepare my own returns."**

If this statement applies to you, then perhaps you are a "do-it-yourself-er". Money is tight and you are used to doing things yourself anyway, so why not save a couple hundred bucks each year and do your own returns?

So you've spend countless hours over the years pouring over the forms and instructions, trying to figure out how to do the returns. And you've done OK. No letters from the IRS, no audits. Hey, pat yourself on the back!

And now that tax preparation software is so readily available and affordable, doing your own return is a breeze! Just key in a few numbers here and there, push the print button, and presto, you've got your return done in record time! And now you can even e-file your return with your own computer.

Have you ever heard of the book, "The Millionaire Next Door" (by Thomas J. Stanley and William D. Danko). It's a great book; I highly recommend it. This book

describes the common characteristics of millionaires in our country. Do you know what three of the most common characteristics of millionaires are:

#1: Millionaires make their millions by owning their own business.

For you, that's good news, because you are a Business Owner or Self-Employed Person. Millionaires rarely become millionaires by working for someone else. If you aspire to becoming a millionaire, your chances are much greater if you work for yourself.

Here's an amazing statistic: Self-employed people make up less than 20 percent of the workers in America, ***but self-employed people account for two-thirds of the millionaires in America!***

#2: Millionaires become millionaires by hard-work and frugality rather than inheritance.

Now here's a revelation: 80% of all millionaires are "first-generation" millionaires. That means that they did not become wealthy because they were born into the right family. If you line up 10 millionaires, only 2 of them inherited their wealth; the other 8 created their wealth from scratch. The most common type of millionaire in America is the *self-made millionaire*.

#3: Millionaires became millionaires by minimizing their taxes and getting their tax & other financial affairs "in order."

For you, more good news, because you wouldn't be reading this report right now if you weren't sincerely eager to pay less tax. Here's a great statement right from "The Millionaire Next Door": ***Millionaires and those who will likely become affluent in the future adhere to an important rule: To build wealth, minimize your taxable income.***

But now comes the "Million Dollar Question": How do you think millionaires get their tax affairs in order? By doing their own tax return? Of course not! Millionaires NEVER do their own tax returns! They have more productive things to do with their time.

Instead, what millionaires do is spend thousands of dollars each year on ***tax planning*** and ***tax reduction strategies.***

Whether you are a millionaire or not, you can certainly start acting like one!

## CHAPTER FIVE

### Why You Need A Tax Professional On Your Team

A few months ago I met with a nice young lady named Rebecca. She recently received a series of "love letters" from the state tax department. Turns out that Rebecca had not filed any state income tax returns for the past 5 years, and the state government finally caught up with her and was demanding that those returns be filed ASAP.

I asked Rebecca why she hadn't filed these state returns. I'll never forget her response: "Because my mother told me I didn't have to file a state tax return."

This is another "sad but true" story that happens every day to thousands of people.

Someone in your family (or someone at work, or someone at church, or someone you know well and therefore trust) knows somebody else (from work or church or wherever) who read an article or a book or somehow came up with a little nugget of "tax wisdom" that they are dying to pass on to you.

Everybody likes to be an expert, right?

When it comes to taxes (like any number of other subjects), a little knowledge can be extremely dangerous.

Because Rebecca listened to her dear Mother, she was now faced with a 4-figure tax bill, which included hundreds of dollars of penalties and interest that could have easily been avoided.

Rebecca only had to do one thing to avoid the big mess she now faced. *Consult a Tax Professional.*

Sometimes, that's all it takes to save yourself a lot of grief.

Now I realize that many people are capable of preparing their own income tax returns without professional assistance. Every year, millions do it. And maybe you have a simple tax situation. All you have is a W-2, you take the standard deduction, and that's it. Nothing fancy. For those kind of returns, go ahead and do it yourself.

(NOTE: I do have many clients who have a simple tax situation and still come to me year after year, not wanting to prepare their own return even if it is incredibly simple. And I can understand the way these people look at it, too. I'm the same way when it comes to car maintenance, for example. If I really wanted to, I could learn how to change the oil, but why bother? I prefer to let a professional handle even the most basic auto maintenance and repairs. You couldn't pay me to change the oil myself.)

But if your tax return is in any way "complicated", then the old adage applies: "Don't try this at home!"

The need for professional tax assistance is especially critical for Small Business Owners and The Self-Employed. Even running a one-person business significantly complicates your tax situation. Business income tax returns are much more complex than your average W-2 employee-type tax return.

Let's take a typical situation. You start a new "part-time" business, and for the first year or two you operate as a Sole Proprietorship. You still have your regular W-2 "day job", so you don't make much money for the first couple years and you stumble through your tax return each year, doing your own Schedule C even if it kills you.

Then, in Year 3, things really take off. Your business becomes profitable and you decide to quit your day job and devote yourself full-time to it. And you find out that since you are selling a widget that could expose your liabilities, you figure you better protect yourself, so you form a corporation.

Now that you've formed a corporation (or maybe it's a Partnership or a LLC) you soon find yourself buried in paperwork. Why does our government make it even harder on you with all these time consuming, costly tax-reporting regulations?

Now that you are no longer a Sole Proprietorship, you must file not one but two business income tax returns (one Federal, one State). These business tax returns are totally separate from your personal tax returns that of course must still be filed by April 15.

And if you have employees, well, now things really get interesting! Even if you have just one employee, you must file a bunch of payroll-related tax returns. How many is a "bunch"? How about ***as many as 40 different payroll tax returns must be filed during the year -- whether you have one employee or 100 employees!*** These payroll tax returns are due at different times during the year, some monthly, some quarterly, some at year-end, culminating with the final "blizzard of paperwork" (W-2's, W-3, 1099's, etc.) due by January 31.

And whether you realized it or not, your corporation does indeed have at least one employee -- YOU!

Please take note: if you, as the corporation's owner, performed services for the corporation (and it is very likely that you did), then the corporation must pay you some type of "reasonable compensation" ***as an employee***. So even if you have no other employees, you are probably the corporation's one and only employee, and so you must file all the above-mentioned payroll tax returns.

So that's why I now ask you this very important question: Do you really want to prepare all these business tax returns without the help of an experienced Tax Professional?

Maybe you do. Maybe you like filing reports and processing paperwork. But even if you are capable of figuring out all these business tax returns, perhaps you are better off letting a professional handle this, *so that you can spend more time running your business instead of "running the numbers."*

And if you are not that good at government "paperwork" (which is true for many business owners), it is easy to see why bureaucratic "red tape" is one of the main reasons new business start-ups "drop like flies" in the first couple years they're open.

Business income tax returns (regardless of what type of entity you own: Sole Proprietorship, Partnership, Corporation, Limited Liability Company) contain a multitude of mind-numbing forms and calculations. If you don't do tax returns for a living, you are really playing with fire here.

## **CHAPTER SIX**

# **Little-Known But Perfectly Legal Strategies To Reduce Your Taxes, Postpone Your Taxes & Even Avoid Taxes Altogether**

If you've read this far, chances are you are very serious about paying less tax. You realize that there must be "a better way" to deal with this complex monster we call The Tax Code.

But you are trying to run a business. You're not supposed to know everything about taxes and dealing with the IRS. As a smart business owner, you need to find someone to be "on your side" who does know about taxes and who can help you when dealing with the IRS.

The tax laws can be incredibly complicated to understand, especially for the Small Business Owner like yourself. How can you be expected to run your business AND keep up with all the tax rules and regulations? That's just not possible. If you are not a full-time Tax Professional, you'll run yourself ragged trying to become a "tax expert".

That's why over the years I've discovered many tax-saving strategies that will reduce your tax bill each and every year. These "strategies" are not difficult to understand, nor are they hard to implement.

These tax-slashing techniques are not exclusively reserved for the "rich and famous" who can afford expensive tax lawyers to "finagle" complicated tax-avoidance schemes.

No, I'm not talking about anything illegal or even the least bit "shady." I'm taking about simple methods that are well within reach of the "average middle-class" Small Business Owner. In fact, many of these strategies are available to all taxpayers regardless of how much money you make.

And I've helped literally dozens of "real live" Small Business Owners to successfully use these strategies.

Take my client Gary, for example . . . Listen to what Gary has to say about how much money he has saved just in the past three years.

**"Thank you for the great tax-saving strategies you've helped me to use in my business. During that one 30-minute phone call in November 2000, you made one simple suggestion that saved me \$2,295 in taxes in 2000. I never would have thought of this strategy on my own. I've been able to utilize this same technique again in 2001 and 2002 -- and this year I'll save over \$6,000 from this one "legal loophole."**

Gary Ritter, Mid-West Mortgage Corp., Fort Wayne, IN

How would you like to save over \$6,000 dollars this year from one simple strategy? And as Gary continues to use this strategy year after year, he will continue to save \$6,000 each and every year. That's over \$30,000 in 5 years; \$60,000 in 10 years!!!

What could you do with an extra \$6,000 in your pocket? Pay off some debts? Expand your business? Purchase some much needed equipment? Or just give yourself a "raise" and take a vacation with your family? Or how about only spending \$2,000 of the \$6,000, and taking the remaining \$4,000 and investing it for your retirement. Remember STEP #4? Invest \$4,000 every year for 30 years at 11.5% and presto, you're a millionaire!

Here's another example of the way my strategies have helped a local Small Business Owner:

**"Over the past year, Wayne has found and made recommendations that have resulted in some very real tax savings. I take pride in understanding many accounting principles and a healthy measure of tax law. However, Wayne saved us \$3,700 this year with two simple suggestions. I wasn't aware of one of them; the other I didn't think of, and I wouldn't have until too late. We've been with Wayne just a year, and he has called with those two suggestions. I don't recall our previous accountant coming up with anything, in almost three years."**

Dennis J. Malott, Adaptive Design & Development Corp., Fort Wayne, IN

And here's one more:

**"I just wanted to drop a quick note of thanks for all of your help to minimize taxes. In such a complicated tax world, you showed me how to save \$2,000 in taxes on just one tax strategy alone. No other tax professional has taken the time to show these tax saving opportunities for my company. Your services have been professional and timely, and also articulate and accurate - a very important facet of your business. It's nice to know that I can run my business and not have to worry about the "tax" side of my business. I look forward to learning more strategies for tax savings in the future. Keep up the great job!"**

Ron Schmucker, Advantage Insurance Services Corp., Fort Wayne, IN

As you can see, the amount of taxes saved varies from client to client and from year to year. Which is to be expected. Every business is different. Every taxpayer's situation is different.

But what do all these clients have in common? **They are all saving literally thousands of dollars each year by using simple strategies I have revealed to them . . .**

.

**AND I'D LIKE TO HELP YOU  
SAVE THOUSANDS OF DOLLARS IN TAXES EACH YEAR, TOO!!!**

Now, let me ask you a very simple question:

**Aren't you tired of paying so much tax to the IRS each year?**

Aren't you just fed up with the outrageous amount of tax you have to fork over to the IRS? (not to mention your state and local government!) Income taxes, payroll taxes, sales taxes, real estate taxes, personal property taxes, excise taxes, estate taxes, gift taxes -- when will it ever end?

What do you think? The never-ending list of taxes is just that!!! **IT'S A NEVER-ENDING LIST!!! IT WILL NEVER END** -- the IRS has been given the license to legally "steal" your money year after year.

Sure, there are some good things that our tax dollars are used for -- things like our public education system, national defense, keeping our streets safe at night, etc.

But don't you think the IRS has gone a little too far? I sure do. And the only way I know to "beat the system" -- legally -- is to take advantage of the many "legal loopholes" that are there for you to use. You just have to know what those loopholes are and how to use them.

You work hard for your money. Why just sit there and let the IRS take it away? It's time for you to do something about the IRS's "legalized theft."

**The same tax-slashing strategies that my clients use are now being offered to you!**

I've put together a unique **TAX REDUCTION TOOLKIT** that gives you direct access to all my tax-saving strategies, plus the opportunity for you and I to work together to implement these strategies that can put literally thousands of dollars in your pocket every year!

Here's what you get with the **TAX REDUCTION TOOLKIT**:

**29 Little-Known Legal Loopholes That Will Reduce Your Taxes  
(For Small Business Owners & Self-Employed People Only)**

This is not another book about how to prepare your tax returns. (You know, like the kind you see in the bookstores every year: "Take this number and put it on Line 99 of Form XYZ". BORING!!!) This is a "plain English" explanation of the simple but little-known tax-saving strategies that can reduce your taxes by literally thousands of dollars each year.

This is my easy-to-understand explanation of the 29 best tax-saving strategies I know. These are the same strategies that my clients (like Gary, Dennis, and Ron) have used to save \$2,000 or \$2,295 or \$3,700 or even \$6,000 **EACH AND EVERY YEAR!!!**

In this book I give to you the best ways I know to legally reduce your taxes. Nothing complicated. Nothing "shady". Nothing that will confuse you or keep you up at night worrying.

Many of these 29 strategies are simply "the right way" to do things when it comes to tax rules. What do I mean by "the right way"? Well, as you can imagine, with tax laws being as complicated as they are, there's just a lot of "bad information" and "bad advice" floating around out there.

The end result .....

**MANY SMALL BUSINESS OWNERS ARE NOT USING  
EVEN A SMALL FRACTION OF ALL THE "LOOPHOLES" OUT THERE!**

**In fact, many Small Business Owners don't even know what the loopholes are!**

Once you've read through this book , you'll know more about how to reduce your taxes than 99.9% of all the Small Business Owners in this country!

Here's just a sample of the tax-saving "secrets" revealed in my book:

**1. What is the EASIEST way for a Business Owner/Self-Employed Person like you to lower your taxes?**

The answer is so simple it will shock you. Implementing this strategy is easy, and will save you thousands in taxes immediately.

**2. Are you paying yourself the "right way" or the "wrong way"?**

Business Owners are notorious for mishandling the way they pay themselves. Without even realizing it, **you are probably paying too much in taxes simply because of the way you compensate yourself!!!** Fix this mistake and your tax bill automatically decreases.

**3. Did you know there is a way to turn non-deductible personal medical expenses into a legitimate business expense?**

My book reveals how to do this. Plain and simple, and perfectly legal. You've probably been missing out on this deduction for years. Find out how to deduct what most people assume are non-deductible medical expenses.

**4. Are you deducting personal travel expenses, like vacations?**

Did you know you can legally deduct your vacation expenses as a business expense? Find out how and reduce your taxes every year.

**5. How much money are you wasting on your Retirement Plan each year?**

How much do you spend each year to provide a retirement plan for yourself and your employees? Why not offer a plan that is literally free? And I mean FREE!!! No cost at all to either yourself or your employees!

**6. Do you know how to convert TAXABLE income into NON-TAXABLE income?**

This is probably the most overlooked "tax break" on the books. Few people use it. You can!!

You'll find the answers to each of these questions in my book. And once you open "**29 Little-Known Legal Loopholes That Will Reduce Your Taxes**" you will look at taxes totally different! (And believe me, it will be for the better.)

In addition, I have assembled **six** special bonus gifts, providing you respond and invest in the Tax Reduction Toolkit immediately.

**BONUS #1: 9 BIGGEST MISTAKES TAXPAYERS MAKE (AND HOW TO AVOID THEM!) -- \$45 VALUE**

This is another incredibly valuable source of tax-saving strategies.

Our tax laws are so complicated, it's no wonder that there's so much bad tax advice out there. Go to your local bookstore or public library and look at the shelves filled with books on taxes. So a friend of a friend gets reads one of these books and thinks he's an expert on the subject! So he tells your neighbor about something he read, and by the time this "tax tidbit" gets to you, who knows whether it's right or wrong.

The end result . . . **MANY TAXPAYERS, INCLUDING SMALL BUSINESS OWNERS, END UP MAKING CRITICAL, COSTLY MISTAKES WHEN IT COMES TO TAXES.**

**THE 9 BIGGEST MISTAKES TAXPAYERS MAKE** will help you to avoid these mistakes that are probably costing you money every year!

**BONUS #2: HOW TO AUDIT-PROOF YOUR INCOME TAX RETURN FOREVER! -- \$45.00 VALUE**

This special report will tell you exactly what you need to know so that you'll never worry about getting audited again! I mean, talk about "Peace Of Mind" -- that's what you'll have after going through my step-by-step audit-proof system. You'll know exactly what to do (and what NOT to do) to keep the IRS off your back and out of your life forever!

### **BONUS #3: FOUR (4) INCOME TAX RETURN CRITIQUE CERTIFICATES -- \$300.00 VALUE**

I don't want to leave you "hanging out to dry" when it comes to knowing how to implement every tax-saving strategy you are entitled to use. I want to show you exactly how to implement as many of the "Legal Loopholes" as possible. So these **Income Tax Return Critique Certificates** allow you to send me any 4 recent income tax returns, which I will then analyze with my "fine-tooth (tax-savings) comb". I will then send you a written evaluation of each return, detailing any changes that can be made to these returns that will reduce your taxes.

**IMPORTANT NOTE:** *In case you didn't know it, you have up to 3 years to make changes to your income tax returns after they've been filed. So if I discover a tax-saving strategy that was overlooked on your return, you may be able to file an amended return which implements the tax-saving strategy I recommend, and you'll get a refund!*

For example, you could send me your most recently filed Business Income Tax Return (regardless of what type of business you own -- Sole Proprietorship, Corporation, Partnership, or Limited Liability Company) and your most recently filed Personal Income Tax Return -- say, for the year 2003. I'll critique both returns and send you my list of ways to reduce your taxes, and I'll let you know whether it will be worthwhile to file an amended return.

After I review your 2003 tax returns, you'll still have 2 more certificates to use for another prior year, such as Year 2002.

Remember what I said earlier -- you can amend returns for up to three years! So why not have me review more than just one recent year's worth of returns. Let's take advantage of this 3-year rule and go back and check out as many of your previously filed returns as possible. You could end up with 3 years worth of refunds!

**These four Income Tax Return Critique Certificates (a \$300 value) are yours FREE,** providing you invest in the Toolkit now.

### **BONUS #4: ONE (1) 60-MINUTE PRIVATE TELEPHONE CONSULTATION CERTIFICATE -- \$145.00 VALUE**

This is yet another way that I demonstrate my commitment to you and your business. Once you get my "29 Legal Loopholes" and "9 Biggest Mistakes" manuals, you'll have so much tax-slashing information that you will be overwhelmed. You will read through all my material and have questions about how to implement these tax-saving strategies in your particular situation. So this Telephone Consultation Certificate entitles you to "pick my brain" for up to one hour on the phone.

Of course, the phone call will be personal, private and confidential. Clients routinely tell me that this consultation alone has been worth far, far more than their entire

Toolkit cost. Many say the consult gets them clearly focused on what to do first, second, and third, to see fast results in using all these Legal Loopholes. Questions are answered. Doubts removed. Actions agreed on.

**WARNING: A WORD OF CAUTION ABOUT MY CONSULTING:**

**I only tell it like it is. I shoot straight from the hip. I may give you answers you'd rather not hear. I won't sugarcoat. But you can count on this -- you will get truthful, tested, proven advice from someone specializing in the tax business. You will get "real world answers" to your particular situation.**

**BONUS #5: THE COMPLETE FINANCIAL CHECK-UP SYSTEM -- \$45.00 VALUE**

This financial planning workbook covers just about every aspect of "money stuff" you can imagine: Retirement Planning, College Funding, Health Insurance, Life Insurance, Property & Casualty Insurance, Debt-Reduction, Long-Term Care, Personal & Family Budgeting, and more.

You can use The Complete Financial Check-Up System to finally get your finances in order, once and for all. You can go through the workbook at your own pace, one area at a time, or you can concentrate on just the areas that concern you the most. Either way, you'll be able to thoroughly analyze every aspect of your financial life and know what changes are needed to make things better.

**This \$45.00 Financial Check-Up System is yours FREE**, just for investing in the Tax Reduction Toolkit now.

**BONUS #6: THE SCIENCE OF GETTING RICH -- \$35.00 VALUE**

This forgotten classic (first published in 1910) contains the timeless wisdom of an incredibly practical prosperity program. Written by an odd-looking man with a funny name, this book presents a simply amazing wealth-building system that still works today.

The premise is simple yet profound:

**The ownership of money and property comes as a result of doing things in a certain way. Those who do things in this certain way, whether on purpose or accidentally, get rich. Those who do not do things in this certain way, no matter how hard they work or how able they are, remain poor.**

**It is a natural law that like causes always produce like effects. Therefore, any man or woman who learns to do things in this certain way will infallibly get rich.**

What is "this certain way" of doing things that will bring you riches? "The Science of Getting Rich" will tell you!

This brings the total value of the Tax Reduction Toolkit to \$710.00! But for a limited time, you pay ~~\$97~~ the introductory price of only \$29. NOTE: The \$29 price is good until January 31, 2004. On February 1, 2004 the price goes up to \$39.97.

Most Importantly, You Get TWO Guarantees That Make Your Decision Absolutely Risk Free.

Now most people are just plain skeptical (and you should be!) You probably STILL are, too. If it sounds too good to be true, something's wrong. Right? Isn't that what we've always been taught? You've probably read through this whole report saying, what's the catch?

Am I right? OK.

Now that's why I've decided to "change the risk around" and put the risk on ME!

Let me explain.

Right now, as you're reading this, if you were to purchase the Tax Reduction Toolkit, you would be taking a risk. I mean you don't know me from Adam. I could be some crazy "mad bomber" living in Montana or something. (*No offense if that's where you live. It sure is beautiful out there.*)

Seriously though. That's why ***I want to "REVERSE" THE RISK!***

I KNOW this is the best available package of tax-saving information for ANY Small Business Owner. I truly believe in the information I've put together.

**Heck . . . I've personally witnessed literally dozens of Small Business Owners who have saved literally thousands of dollars in taxes each and every year -- and they put this money in their pockets by using this SAME information.**

( *You better believe I'm going to GUARANTEE this stuff !* )

So here are my TWO "RISK FREE" and "THE RISK'S ON ME" Guarantees:

- 1) **A Flat-Out, Unconditional, NO-RISK, Iron Clad, 90 Day, No-Questions-Asked, Money-Back GUARANTEE, Period.**

I just flat out know that the material you're gonna get from either my Tax Reduction Toolkit is SO GOOD, that once you've read and see what I'm talking about you're gonna be blown away! **I want you to have absolutely NO RISK involved in this decision.**

Which brings us to the second Guarantee:

- 2) **An UNHEARD of -- the "RISK'S ON ME" -- if my material doesn't enable you to save at least \$2,000 in taxes, I'll give you ALL your money back, plus an additional new, crisp \$20 bill for taking the time to "check me out." (This is a "conditional" guarantee -- see below for details.)**

That's right. **I'm accepting all the risk here. Not you!** But I accept the risk here on one condition. YOU GOTTA USE MY MATERIAL!

If you just do SOMETHING that I tell you to do in the Toolkit, or you use an income tax return critique or a specific strategy I give you from our private phone consultation, and afterward you're NOT happy with the results (*and you think me and all of my material is a bunch of baloney*), then I want you to have the option to get your money back!

So I am guaranteeing that using my information will save you at least \$2,000 in taxes. You are guaranteed to . . . **SAVE A BUNDLE OR YOU DON'T PAY ME A DIME!**

Think about it -- if you invest in the Toolkit, I am guaranteeing that by spending ~~\$97~~ \$29 you'll get at least \$2,000 back -- at least SIXTY times your investment!  
NOTE: On February 1, 2004 the price increases to \$39.97.

Plus, chances are that when I show you how to save \$2,000 (or more) in taxes, this is likely to be a tax savings that is repeatable year after year after year. So when I show you how to save at least \$2,000 in the first year, and you continue to use this strategy for the next 5 or 10 years (or whatever), you will actually end up saving \$10,000 or \$20,000 (not just the original \$2,000).

That's right. I'm putting all the pressure on me to "put YOUR money where MY mouth is"!!! If my material doesn't reduce your taxes by at least \$2,000 -- then I want you to send everything back!

Just mail or fax me a letter, "looking me in the eye" on paper and telling me YOU USED MY MATERIAL and you're not happy with the results because my information did not reduce your taxes by \$2,000 and I'll send you all your money back plus a crisp \$20 bill for your trouble. **Now do you see what I mean when I say "Risk Reversal?"**

I've taken all the risk out of your decision to drastically reduce your taxes and I've put that risk on me. Now I've got to produce and help you get some positive results for your business or I'm up a creek without a paddle!

**I've put the "pressure" on me. So there's NO reason, if you're a Small Business Owner or Self-Employed Person, not to order the Toolkit ASAP!**

What I'm guaranteeing is unheard of! Do you know of anyone else that would give a guarantee like this? I don't. By the way, if you do know of anyone offering a tax information package for Small Business Owners with a better guarantee than mine, I'll send you \$10 bucks just to see it! (*Fax me a copy of the company's written guarantee.*)

**With Two Guarantees Like That, Why Would Any Small Business Owner / Self-Employed Person Turn His Or Her Back On This Opportunity?**

You requested this eBook. You've read this far. You would not have done that unless you know "*there must be a better way*" to deal with The Tax Man. You want to reduce your taxes the way I've described here. Still, there is a temptation to procrastinate. Or to delay. Or to worry over this. Then let it slip out of your thoughts, get buried beneath paperwork. To forget about it.

**I don't want that to happen to you.**

You see, you can't gain anything by doing nothing. There's a very good chance -- supported by the enclosed PROOF -- that you WILL gain by acting on this opportunity. Thanks to my guarantees, there's no way you can lose by acting. Given those facts, there's simply no good reason to "worry over this."

For an immediate download of the Toolkit, visit:

<http://www.YouSaveOnTaxes.com/toolkit>

Now real quickly, let's summarize what all of this means to you and your business.

1. You'll **SLASH YOUR TAXES** by at least \$2,000
2. You'll **TRULY** be one of the handful of Small Business Owners who know how to stand up to the IRS and say (legally), "Enough is enough! I'm not taking it anymore!"
3. You'll sleep well at night knowing that you reduced your taxes legally, *without any fear of an IRS audit.*
4. You'll have an "**on-going**" **relationship with someone (ME)** who has helped dozens of other Small Business Owners reduce their taxes.
5. And finally, you have TWO GUARANTEES, one "**Risk-Free**" **for you** and the other puts **ALL the "Risk on Me!"** (*A no lose situation for you.*)

To download the Tax Reduction Toolkit via our secure server, visit:

<http://www.YouSaveOnTaxes.com/toolkit>

You'll end up on a web page that contains information similar to what you are reading now.

Go to the bottom of this web page and click where it says:

**Click here for an instant download of the Tax Reduction Toolkit**

Once your credit card or online check is approved, you will be taken to a special download page where you will download the Toolkit along with your FREE Bonuses. You will be downloading and reading the Tax Reduction Toolkit and incredible bonuses within just a few minutes...and using it to save thousands in taxes immediately!

I look forward to hearing from you soon!

Sincerely,

Wayne M. Davies, President  
YouSaveOnTaxes.com  
A Division of Wayne M. Davies Inc.

**P.S.** Think about it. If you only get one "Legal Loophole" from ALL this info that reduces your taxes \$2,000 (or more!) -- what would that mean to you? **It would mean at the VERY LEAST you would get back SIXTY times your money!** And that's at the very, very, very, low end. (Because if you use a strategy that saves your \$2,000 for 5 straight years, now you've saved over \$10,000 bucks!) You've got some serious "TAX-SLASHING" tools that are just a mouse-click away.

And that's not even the best part. My "DOUBLE" GUARANTEE not only takes the risk off you, but puts it ALL on ME!

**P.P.S.** Now just for a second, forget about how much money you're going to save. Just picture yourself when you realized how much money you had to pay the IRS last year on April 15. **Do you remember all the frustration and anger you felt?**

Now let me ask you a question. How much is it worth to you, to be able to finally "beat the Tax Man" at his own game? How good will it feel next year when you have paid literally thousands of dollars less -- legally!

**P.P.P.S.** *Oh, and one last thing. Remember, as a Small Business Owner / Self-Employed Person you have a choice. Keep doing your tax returns the same 'ol way and expect to get different results.* (Good luck. That's the definition of insanity if you ask me.) **Or**, take one of the BEST "No Risk" deals you'll ever see in your life and do what you've ALWAYS

wanted to do: "**Slash Your Taxes, Fight Back Against the IRS, And Stop The IRS From Taking So Much Of Your Money!**" It's your call ...

*P.P.P.P.S.* I can think of at least two reasons why you may NOT want to respond to this offer.

**REASON #1: You already have an accountant.** Maybe you are reluctant to contact me because you already have an accountant. Please think about this: *Does your accountant provide you with specific ways to reduce your taxes, or does he/she just "do the tax return"?* I don't just "do tax returns" -- I help small business owners like you to pay less tax and save money!

Surveys tell us that about 25% of people love their accountant, 25% dislike their accountant, and the other 50% really don't care that much about their accountant one way or the other. Even if you're "in love" with your accountant, here's a chance to get a "second opinion" at absolutely no risk to you. If you're part of the large majority who either dislike their accountant or are indifferent about their accountant, isn't my offer a "NO-BRAINER"? -- here's your chance to work with someone who can help you save a bundle on your taxes, again at no risk to you!

**REASON #2: You do your tax returns all by yourself and you're thinking, "I'm already doing everything I know how to do to minimize my taxes."** Don't you think you owe it to yourself to get "a second opinion" from an experienced professional who does nothing all day but help small business owners like yourself. If you are doing your own business tax returns AND running your own business, you may just not have enough time to keep up on all the latest tax changes and legal loopholes available to you. Here's the perfect opportunity for you to get some professional help that could put literally thousands of dollars in your pocket! With my "risk-free" offer, what do you have to lose?

**For an instant download of the Tax Reduction Toolkit, visit**

**<http://www.YouSaveOnTaxes.com/toolkit>**

## Chapter Seven

### What others are saying about The Tax Reduction Toolkit . . .

#### **"Thanks for giving me thousands of dollars..."**

"Wayne, I thought this stuff would be tricky, hard to follow, or simply something I couldn't find the time to do. Boy, was I ever wrong! Not only do you explain it in easy to understand terms, but you can make it so darned easy to save big time on my taxes. Thanks to your help, I saved \$4,600 and I'm going to be able to take a really nice family vacation this year -- all because of your materials, all from the money I normally would have paid on taxes. Thanks for giving me thousands of dollars!"

-- **Grady Smith, [www.Cheap-Copy.com](http://www.Cheap-Copy.com)**

#### **"Wayne's guarantee (and his advice) can't be ignored..."**

"I was skeptical, too. But Wayne's guarantee that he can save you \$2,000 on your business taxes or your money back can't be ignored. And neither can his advice. I say quit giving your money to Uncle Sam and start giving it to Uncle You. You earned it, didn't you? Well, get this book and learn how to keep it!"

-- **Joe Vitale, #1 Best-Selling Author – "Spiritual Marketing" — <http://www.mrfire.com>**

#### **"I saved over \$3,500"**

"Wayne, I just read your book... it's great! Your easy to read and understand tax reduction strategies are excellent. I am going to immediately put your strategy into place to turn non-deductible personal medical expenses into a legitimate business expense. If I had done that last year I would have I would have saved over \$3,500. Keep up the great work!"

-- **Jeffrey Jordan, *Net Marketing Results*, [www.netmarketingresults.com](http://www.netmarketingresults.com)**

#### **"You've never seen taxes like this!"**

"Wayne's Toolkit is a gold mine of information that can save you thousands of dollars on taxes. It's worth many, many times its sale price, so do yourself a favor and buy it today! I've never seen so much great tax information distilled into simple, even entertaining, explanations. Wayne uses plenty of real-life examples and easy-to-understand explanations. You've never seen taxes like this!"

-- **Julia Wilkinson, author, *What Sells on eBay for What*, <http://aolmemorabilia.com/eby.html>**

#### **"Fantastic!"**

"I just read your Tax Reduction Toolkit and it is fantastic! You've got a knack for taking complicated tax concepts and making them 'un-complicated.' You helped me to understand how easy it is for a small business owner to lower my taxes without spending a lot of time or money."

-- **Michael Senoff, *JS&M Sales & Marketing Inc.*, [www.hardtfindseminars.com](http://www.hardtfindseminars.com)**

#### **"Clear and concise..."**

"The Tax Reduction Toolkit is clear and concise. It's as simple as tax talk can possibly be."

-- **Terry Rigg, *The Budget Stretcher*, [www.homemoneyhelp.com](http://www.homemoneyhelp.com)**

**"You really know your loopholes..."**

"What an eye-opener! I am not a tax person and it usually makes my head spin, but your simple explanations helped me. It's obvious you really know your....loopholes (business)! Thanks!"

-- **Livvie Matthews, [www.SimpleBizPublications.com](http://www.SimpleBizPublications.com)**

**"This book is unlike anything I've ever seen before."**

It's written in plain English -- no technical or accounting gobbledeygook...just excellent information you can use immediately. I believe anyone who operates a business online (or offline) can understand the tax saving methods covered here. I personally talked with Wayne for 30 minutes on the phone and absolutely grilled him about how and why a sole proprietor would need this information. His answers not only gave me some tax-saving ideas I never thought of before, but proved to me that this guy really knows his stuff!

-- **Jim Edwards, author, *How To Write & Publish Your Own eBook In As Little As 7 Days*, [www.ebookfire.com](http://www.ebookfire.com)**

**"You've Added Thousands To My Bottom Line!"**

Wayne - just wanted to drop you a line and say thanks for sending me thousands of extra dollars in the mail every year! Seriously, I can't believe you are giving this information away at such a low price - it's a steal. You take all of the complexity out of doing my tax return - I will even ENJOY doing my taxes from now on because I know I'm going to end up with more money in my pocket. Highly recommended, you won't be sorry.

-- **Jeff Smith, author, *The Ultimate Information Entrepreneurs' Guidebook*, <http://www.infoproductcreator.com>**

**" Wow! I am really impressed!"**

I've gone to accountants and "tax specialists" on different occasions in an effort to get help in reducing my taxes, and no one ever came up with any of the tax-reduction strategies in your book! Your Toolkit contains helpful, easy to understand tax information. It's the first tax resource I've found that can truly make a difference for people starting their own business. I gladly recommend it!"

-- **Stephanie Kelly, *Better Business Information*, <http://www.saksbbi.com>**

# About The Author

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Wayne M. Davies is author of the 3 tax-slashing eBooks:

**Tax Reduction Toolkit:**

29 Little-Known Legal Loopholes That Will Reduce Your Taxes By Thousands  
(For Small Business Owners and Self-Employed People Only!)

<http://www.YouSaveOnTaxes.com/toolkit>

**Incorporation Tax Secrets Revealed:**

The Ultimate Small Business Tax Reduction Strategy

<http://www.YouSaveOnTaxes.com/secrets>

**How To Incorporate Yourself For Free:**

Save Hundreds of Dollars and Avoid Hours of Frustration By Incorporating Your Small Business  
In Any State All By Yourself (without paying a dime in lawyer fees)

<http://www.YouSaveOnTaxes.com/howtoinc>

Wayne's 3 eBooks are available separately, or at a discount as a 3-volume set:

**The Ultimate Small Business Tax Reduction Guide**

<http://www.YouSaveOnTaxes.com/taxguide>

Wayne is a Tax Professional serving small business and self-employed clients in all 50 states. He lives in Fort Wayne, Indiana with his wife and 3 children. Wayne enjoys exercise, reading, jazz and the Beatles.

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**CONTACT INFORMATION:**

Wayne M. Davies Inc.  
4660 W. Jefferson Blvd., Suite 220  
Fort Wayne, IN 46804  
Phone: (260) 459-3858 / Fax: (260) 459-0124  
email: [Wayne@YouSaveOnTaxes.com](mailto:Wayne@YouSaveOnTaxes.com)  
<http://www.YouSaveOnTaxes.com>

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