

Agent Tax Strategies Cheat Sheet

Foundations - Don't Miss Deductions

- Use a dedicated business bank account (Credit Card is okay for expenses)
- Automate your accounting using a software like QuickBooks or Xero
- Have a plan to allocate commission checks - Consider the 4-3-2-1 Method

Basic Tax Strategies

- Maximize your "Meals" deductions - STOP eating alone
 - Track open house meals separately for a 100% deduction
- Establish an Administrative Home Office
- Analyze the best method for maximizing your vehicle expense deductions
 - Keep a mileage log
- Contribute to a retirement saving account designed for the Self-Employed

Intermediate Tax Strategies

- Leverage personal expenses - Make more money in your business
- Start asking: "How do I make this tax deductible?"
- Maximize travel deductions - Predefine the business reason for the trip

Advanced Tax Strategies

- Tax Bracket Shifting - Pay family for providing services to your business
- S-Corporation - Reduce self-employment taxes
- Real Estate Agent Super Stack - Invest in real estate to reduce taxes

Consult with your own accounting, tax, legal and financial advisors before engaging in any transaction.

S-Corporation Formation Cheat Sheet

LLC Formation - Single Member

- Verify licensing limitations or requirements
- Check with your broker
- Form an LLC (or applicable legal entity)
 - Choose a name
 - Prepare Articles of Organization
 - File with the Secretary of State
- Obtain an Employer Identification Number (EIN) from the IRS (Free)
- Open a new bank account in LLC name
- Obtain applicable real estate license for your LLC
- Inform your broker of new LLC name and EIN
- Keep separate books and records
- File LLC Annual Reports

S-Corporation Election

- Am I making a profit of at least \$70k consistently?
- Elect S-Corporation status with the IRS (Form 2553)
- Await IRS approval letter
- Register with the state revenue department as an S-Corporation
- Register as an employer with all applicable agencies
- Determine your “Reasonable Compensation”
- Select a payroll provider and process payroll
- Start an Accountable Plan
 - Reimburse yourself for Home Office
 - Reimburse yourself for Vehicle expenses
- File S-Corp tax return annually – Form 1120-S and generate Schedule K-1
- File personal tax return annually – Form 1040

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