

# Top 10 Tax Strategies - 2022

TOP 10

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You have questions.  
We have answers.







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# Take Our Poll



A stylized illustration of a web browser window. The window has a dark header bar with three small squares on the left. The main content area contains two square input fields stacked vertically on the left, and four horizontal lines representing text input fields on the right.

# 10. Year-End Cash Receipts & Disbursements



# Year-End Receipts

- Constructive Receipt of Income
- Delay Invoicing
- Accelerate Payments & Prepay Expenses
- Equipment Purchases



# 9. Convert IRAs to Roth





# IRAs



- S&P 500 Is Down
- Opportunity to Convert Traditional IRA
- Contributions to a Roth IRA Are **Not** Tax Deductible

# IRAs Continued

- Contribution Limits
  - \$6,000 Per Year
  - \$7,000, 50 and Older
- Income Limits
  - \$204,000 Married
  - \$129,000, 50 and Older
- Back-Door Roth IRA Contributions
- 10 Year Rule for Inherited IRAs

# 8. Depreciate Property in One Year





# Depreciate Property

- Bonus Depreciation vs. Sec 179 Expensing
- 2022 Sec 179 Expensing Limits
  - Maximum Deduction \$1,080,000
  - Qualifying Property Threshold \$2,700,000

# Depreciate Property Continued

- Bonus Depreciation Phase Down
  - 2022 – 100%
  - 2023 – 80%
  - 2024 – 60%
  - 2025 – 40%
  - 2026 – 20%
- Cost Segregation Studies

# 7. 179D Energy Improvement Cost Reduction





# Energy Costs

- 179D Deduct the Costs of Energy-Efficient Commercial Building Property
- Energy Improvements Costs Include:
  - Envelope
  - HVAC
  - Hot Water
  - Lighting

# Energy Costs Continued

- Inflation Reduction Act - Changes
  - Increased Deduction per Square Feet
  - Expanded to Tax Exempt Organizations
  - Relaxed Qualifications for Retrofits
  - Deduction Every Three Years Versus Life-Time

A background image showing several hands cupped together, holding a glowing orange heart. The image is overlaid with a semi-transparent orange rectangle.

# 6. Charitable Giving





# Charitable Giving

- Bunching Donations into One Year
- Donor-Advised Funds

A white piggy bank is positioned in the upper right quadrant of the image. A stethoscope is draped across the lower half of the image, with its chest piece resting on the left and its earpieces on the right. The background is a solid light blue color. A large, semi-transparent orange rectangle is overlaid on the right side of the image, containing the text.

# 5. Health Savings Account



# Health Savings Account

- Save on Your Taxes
- Save on Your Medical Expenses
- An HSA Is an Investment
- Save for Retirement



A piggy bank and a stethoscope are shown on a light-colored surface. The piggy bank is white with a pink snout and ears. The stethoscope is silver with a black tube. The background is a soft, warm light.

# Health Savings Account Continued

- HSA Triple Play
  1. Up Front Deduction
  2. Tax Free Earnings
  3. Tax Free Distributions

# 4. Virginia Tax Credits



# Virginia Tax Credits

- Virginia's Education Improvement Scholarship Tax Benefits
- Land Preservation Tax Credits
- 529 Plan Contributions



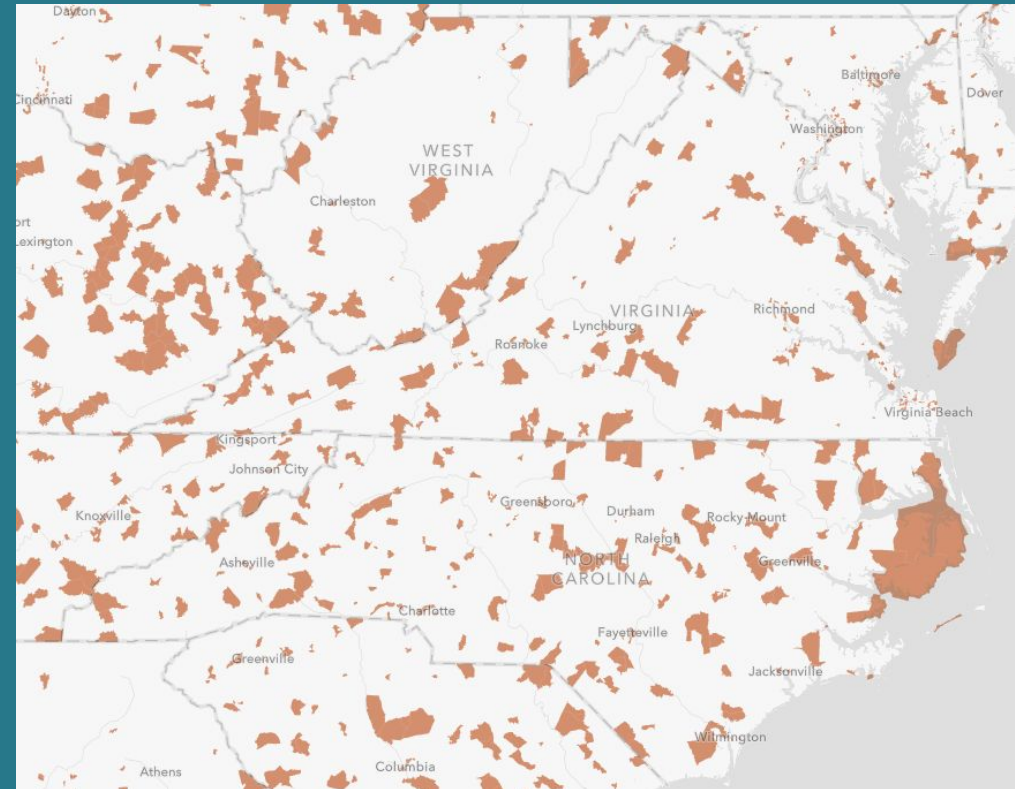
# 3. Opportunity Zone Funds

\$100  
BILLION



# Opportunity Zone Funds

- What is an Opportunity Zone?



# Opportunity Zone Funds

- Three Tax Benefits
  - Temporary Deferral of Taxes
  - Reduction of Deferred Gain – Expired 12-31-2021
  - Permanent Exclusion of Taxable Income on New Gains



## 2. Pass-Through Entity Tax *Beat the SALT Cap*



# Pass-Through Entity Tax

- Circumvents the \$10k Itemized Deduction Limit for Taxes
- S Corporations and Partnerships Eligible
- Quarterly State Estimated Tax Payments
- Year-End Planning if Cash Basis

# Pass-Through Entity Tax

- Rules Vary by State
  - Maryland
  - Virginia
  - North Carolina
  - DC



# 1. Use Qualified Plans to Defer Income



# Retirement Planning



Do you have the **best** retirement plan design in place to **optimize** tax planning strategies?

# Which Do You Have?

- No Plan
- Simple Plan
- 401K with Limited Contributions
- 401K Maxed



# Deadlines

- Timing to Set Up
- Don't Delay
- Salary Deferrals
- Safe Harbor Options

# Which Plan Is Best?

- What's in It for Me?
- What Will I Contribute for My Employees?
- Limits and Potential Cost for Employees

# Which Plan Is Best?



Contribution Limits and Cost for Employees				
	Owner Contributions		Cost for Employees	
	Age < 50	Age > 49	Contributing	Not Contributing
Owner Wages/net self-employment income	305,000	305,000		
Personal IRA or Roth IRA	6,000	7,000	0%	0%
SIMPLE (with 3% match)	23,150	26,150	3%	0%
SEP	61,000	61,000	20%	20%
<b>401(k) Plan</b>				
Salary deferral	20,500	27,000		
Employer contribution	40,500	40,500		
<b>Total contribution</b>	<b>61,000</b>	<b>67,500</b>	<b>4.43% - 10.33%</b>	<b>3.09% to 10.33%</b>
<b>401(k) Plan plus Cash Balance Plan</b>	<b>Age 45</b>	<b>Age 55</b>		
401(k) Plan				
Salary deferral	20,500	27,000		
Employer contribution	18,300	18,300		
Cash balance	135,000	222,000		
<b>Total contribution</b>	<b>173,800</b>	<b>267,300</b>	<b>7.5% - 10%</b>	<b>7.5% to 10%</b>
<i>Actual results can vary, each case requires analysis.</i>				
<i>Based on 2022 contribution limits.</i>				



# Which Plan Is Best?

- Start-Up Costs
- Increases in Plan Limits

# Questions & Answers



# Upcoming Webinars

## Implementing the Lease Standard, ASC 842

November 30, 2022

2 PM – 3 PM

## Pass-Through Entity Tax

December 7, 2022

12 PM – 1 PM





# Thank You

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