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In this edition, we introduce the concept of a comprehensive tax strategy which incorporates Tax Compliance, Tax Planning, and Tax Resolution.



Food for Thought!

- a) *Does your company have a comprehensive tax strategy?*
- b) *Do you know your tax numbers? Effective and marginal tax rates? Can you determine the total tax you paid last year at federal, state, and local levels?*
- c) *Do you have cash reserve and wealth creation targets that you are working towards? Or are you simply going through the motions, hoping that cash reserves would somehow grow and wealth would be created as a by-product of your efforts?*



Start with the end in mind. No one goes on a journey without a destination in mind. Sadly, most small businesses and business owners are on a journey to nowhere. They work hard. They miss time with family, risk finances, and give up opportunities with other companies. Yet, they are unable to create, keep, and enjoy the wealth that should come from working hard at a dream. Maybe the missing ingredient is working smart at the dream as well, meaning being more strategic and efficient with your efforts and results.



26 U.S.C. 162

In general, there shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business.

Enter Tax CPR!

CPR in the medical sense stands for cardiopulmonary resuscitation. These big words mean nothing to most of us, but we can certainly borrow from the impact of CPR and relate it to our business' tax position and condition. CPR restores oxygenated blood flow to vital organs and brings you back to life. Maybe, your business needs tax CPR. Are you one lost client away from disaster? Do you have enough cash, the vital resource to run a business? Are you paying too much to Uncle Sam?

Tax CPR means Tax Compliance, Tax Planning & Tax Resolution.

Using another medical analogy, knowing your numbers requires knowing your blood pressure, weight, and your temperature. These help you manage and improve your health. Your company's health is directly related to knowing its tax numbers. Effective tax compliance means being aware of and taking advantage of as many allowances, deductions, credits, and exemptions that are available to you. It also means filing your tax returns in a timely manner.

Tax planning helps you increase your tax savings and allocate your business' assets and liabilities in a strategic and proactive manner.

Regarding tax resolution, fights with the IRS will wear you out and take precious time that could be used on your business. Communicating consistently, clearly, and politely with the tax authorities about tax issues is a good first step towards redeeming your time. Every business that wants long-term sustainability and growth should assess the extent to which its goals are being achieved and engage in tax CPR as appropriate.



Looking ahead.....

In our next edition, we will look at tax compliance as a component of a comprehensive tax strategy.

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