



TAX BREAK

TAX BREAK

TAX BREAK

An administrative group called TaxSaver has developed a process for sole proprietors to reduce their taxes. It is simple, it is effective, and it has usually saved a minimum of \$1,000 and as much as \$8,000 annually, and it is legal. Using the provisions of the IRS Tax Code, sole proprietors and farmers can now implement a program, which allows them to deduct fully the cost of their family health care insurance and all of their out-of-pocket health expense from their business income. The result is reduced federal, state, and social security taxes; because corporate owners do not cover uninsured health expenses, such expenses are only partially deductible.

These health care costs can be paid with "pre-tax dollars". This means that the business owner is using funds that would otherwise be sent to state and federal tax agencies. Therefore, Uncle Sam and your state tax agency would be helping to subsidize your health care expense as they do now for others.

It is legal for an owner to hire his/her spouse as a legal employee and to give to the spouse a very complete health care benefit package. The benefits received by the spouse also cover the owner as a dependent, and that owner can write off the total benefit as a business expense. (The law specifically excludes partners and S Corporation owners from using this process, if the owner owns more than 2% of the business.)

The same deductibles you try to take on your 1040 are also used in this process without having to meet the 7-1/2% exclusion which usually wipes out all or most of the health expenses as not being deductible – and with this process you would still have access to the full standard deduction or the itemized deduction approach, if it is to your advantage. In effect, the process usually cuts the cost of your health care insurance in half, and such savings could fund many other alternatives. Savings depend on your tax brackets and the total amount you spend on health care. Congress saw fit to pass the laws in 1954, but the IRS sure did not do much to publicize them for millions of sole proprietors.

It is your right to use any legal means to reduce, or even avoid the payment of taxes altogether – repeatedly announced by the U.S. Supreme Court as far back as the Civil War.

**TaxSaver™ P.O. Box 580704 Pleasant Prairie, WI 53158-0704
Toll Free: (800) 829-7287 (262) 656-7055 Fax: (262) 656-7057
www.taxsaver105.com**