

The Biggest Tax Mistake You Can Ever Make

By Wayne M. Davies

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Ah, April 15 has come and gone. And American taxpayers everywhere breathe a collective sigh of relief.

Whew, aren't you glad another Tax Season is over? What a relief -- unless you filed an extension, you've got your tax return done and now you can forget about taxes for another year.

Yep, that has a nice ring to it, doesn't it?

It sounds so good, I think I'll say it again:

"Now you can forget about taxes for another year."

If you found yourself agreeing with me there, guess what?

I gotcha!

I just caught you making the biggest tax mistake you can possibly make -- the incredibly short-sighted attitude that taxes is a "once-a-year" thing, something you do only because you are forced to deal with it every spring, and then you are so fed up with the whole mess that you gladly forget about it until next spring, and then, only because you are forced to deal with it again!

If this is the way you approach taxes, you are doomed to overpay your taxes forever!

(Oh, pardon me for just a second while I climb up on my soapbox, turn up the volume, and let it rip. I'm goin' to preach this message till the cows come home!)

And what message is that, you ask?

My message today is a simple one, but unfortunately,

one that often falls on deaf ears. So please, I really do hope you are listening (I mean, reading) with your ears (and eyes) wide open.

Here it is, my Post-Tax Season Message:

If you only pay attention to your tax bill during Tax Season, then I guarantee you are paying too much tax.

Our tax system is unbelievably confusing, incredibly convoluted, and increasingly chaotic. In a word, it's crazy. And it's only going to get worse.

Even as I write this, Congress and the President are going round and round about the next round of tax law changes. So what else is new?

But even with all its mind-numbing complexity, our tax code has many legal loopholes you can drive a truck through.

Here's a startling statistic to drive home the point: It is conservatively estimated that small business owners and self-employed people are overpaying their taxes by 160 billion dollars every year.

And the biggest cause of this situation is the simple fact that small biz owners and the self-employed are not using all the tax loopholes they are entitled to.

But you'll never figure out what those loopholes are by only spending a few hours, once a year, to the task of filling out the forms.

It's gotta be a year-round task. And you need to realize that some of the best tax-reduction strategies require some research on your part. You've got to do your homework, check things out, maybe even consult with a professional to make sure you're not missing something and that all your ducks are in a row.

Like any worthwhile goal, it takes time and energy.

In my experience, there is one small biz tax-reduction strategy that stands head and shoulders above all the rest: Choice of Entity.

Bear with me here, as I explain what I mean.

By "Choice of Entity", I'm referring to what type of business you own, from a legal standpoint.

Here are your choices:

Sole Proprietorship
Partnership
Corporation
Limited Liability Company

(Note: If you are self-employed and don't view yourself as owning a business, guess what: from a tax standpoint, as a self-employed person, you do own a business. It's called a Sole Proprietorship.)

The purpose of this article is not to tell you which entity is best for you and exactly how much money you can save in taxes by picking one of these entity choices.

I can't do that in a thousand words.

But what I can tell you right now is this:

Your Choice of Entity is the single-most important factor in determining your annual tax bill.

I can also tell you this: every year, thousands of small biz owners and self-employed people save literally thousands of dollars in taxes because they made a simple one-time change in their Choice of Entity.

Obviously, there are many factors that determine how much tax you pay: the accuracy of your record-keeping, how organized you are, your knowledge of all the many available tax deductions, etc.

But the most important factor of all is this:
What entity type are you?

So, as another Tax Season ends and your mind turns to other, supposedly more important matters, my question to you is this:

How do you know that your current Choice of Entity is the best one for you?

Have you done an analysis of the pros and cons of each entity? Do you know what the tax consequences would be if you changed your Choice of Entity? Do you know what it takes to make a change from one entity type to another?

These are not the kinds of questions you have time to address while frantically looking for lost receipts and filling out the tax forms on April 14th.

Now that Tax Season is over, you can now turn your attention to the most important tax issue of all.

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Wayne M. Davies is author of the new eBook, "The Tax Reduction Toolkit: 29 Little-Known Legal Loopholes That Will Reduce Your Taxes By Thousands (For Small Business Owners and Self-Employed People Only!) Don't file another tax return until you visit:

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

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