



BASELINE TAX MITIGATION STRATEGIES

THE LIST

A concise planning list for:

- *Business Owners*
- *High-Income Households*
- *Real Estate Investors*
- *Affluent Families*



How to Use This List

Treat these as planning prompts. Each item requires facts, documentation, implementation discipline, and coordination with the taxpayer's CPA, attorney, financial advisor, and payroll provider where applicable.

Strategy (Alphabetized)	Brief summary
Accountable Plan	Allows a business to reimburse substantiated business expenses without treating the reimbursement as taxable wages when IRS accountable plan rules are followed.
Asset Location	Place tax-inefficient assets in tax-advantaged accounts and tax-efficient assets in taxable accounts when consistent with the investment plan.
Augusta Rule	A business may rent the owner's home for legitimate meetings or events. If the home is rented fewer than 15 days per year, rental income may be excluded under IRC Section 280A(g).
Bonus Depreciation / Section 179	Accelerate deductions on eligible equipment, vehicles, technology, furniture, qualified improvement property, and other business assets.
Cash Balance Plan	A defined benefit plan for high-income business owners who want larger deductible contributions than a 401(k) alone typically permits.
Charitable Bunching	Group several years of charitable gifts into one year to exceed the standard deduction threshold and create a larger itemized deduction.
Charitable Remainder Trust (CRT)	A CRT may help sell appreciated assets, create an income stream, defer recognition, and support charitable goals.
Cost Segregation	For real estate investors, a study can identify shorter-life components and accelerate depreciation. Passive activity rules and recapture should be modeled.
Delaware Statutory Trust (DST)	A DST may serve as replacement property in a 1031 exchange for investors seeking passive real estate exposure.
Dependent Care FSA	Use pre-tax dollars for eligible childcare expenses where available through an employer plan.

Donate Appreciated Securities	Give long-term appreciated stock or funds directly to charity to potentially avoid capital gains and claim a charitable deduction.
Donor-Advised Fund (DAF)	Contribute in a high-income year, receive a potential current-year deduction, and recommend grants to charities over time.
Education Assistance Program	Employers can provide qualified education assistance to employees on a tax-favored basis, subject to annual limits and plan rules.
Energy Credits	Residential and business clean energy credits can reduce tax liability when purchases and installation meet current eligibility rules.
Entity Structure Review	LLC, S-corp, C-corp, partnership, and sole proprietor structures create different income, payroll, benefit, and exit-planning tax outcomes.
Estate Annual Exclusion Gifts	Use annual exclusion gifting to transfer wealth gradually and reduce future estate exposure without using lifetime exemption.
Estimated Tax / Withholding Planning	Avoid penalties and year-end surprises by aligning withholding, quarterly estimates, and safe-harbor rules with projected income.
Grantor Trust Planning	Advanced estate planning can shift future appreciation outside the estate while the grantor pays income tax, effectively making additional tax-free wealth transfers.
Health FSA	Use pre-tax dollars for eligible medical expenses, but watch use-it-or-lose-it rules and employer carryover provisions.
Hire Your Spouse	A legitimate spouse employment arrangement may unlock retirement plan contributions, health benefits, or reimbursement planning, if compensation and duties are real.
Home Office Reimbursement	Owners with an accountable plan may reimburse home office expenses from the business, subject to exclusive-use, business-purpose, and substantiation rules.
HSA Funding	For eligible high-deductible health plan participants, HSAs can provide deductible contributions, tax-deferred growth, and tax-free qualified medical distributions.
ILIT / Life Insurance Planning	An irrevocable life insurance trust may keep death benefit proceeds outside the taxable estate when properly structured.
Income Timing	Accelerate deductions or defer income when tax brackets, cash flow, and accounting methods make it beneficial.
Installment Sale	Spread gain recognition over time when a seller finances a sale, subject to interest, collateral, and default risk.
Municipal Bonds	For higher-bracket taxpayers, municipal bond interest may be federal tax-exempt and sometimes state tax-exempt, depending on the issuer and investor residence.
Pass-Through Entity Tax Election	In states that allow it, PTET can help owners of pass-through entities mitigate the federal SALT deduction cap by shifting state tax deduction treatment to the entity.

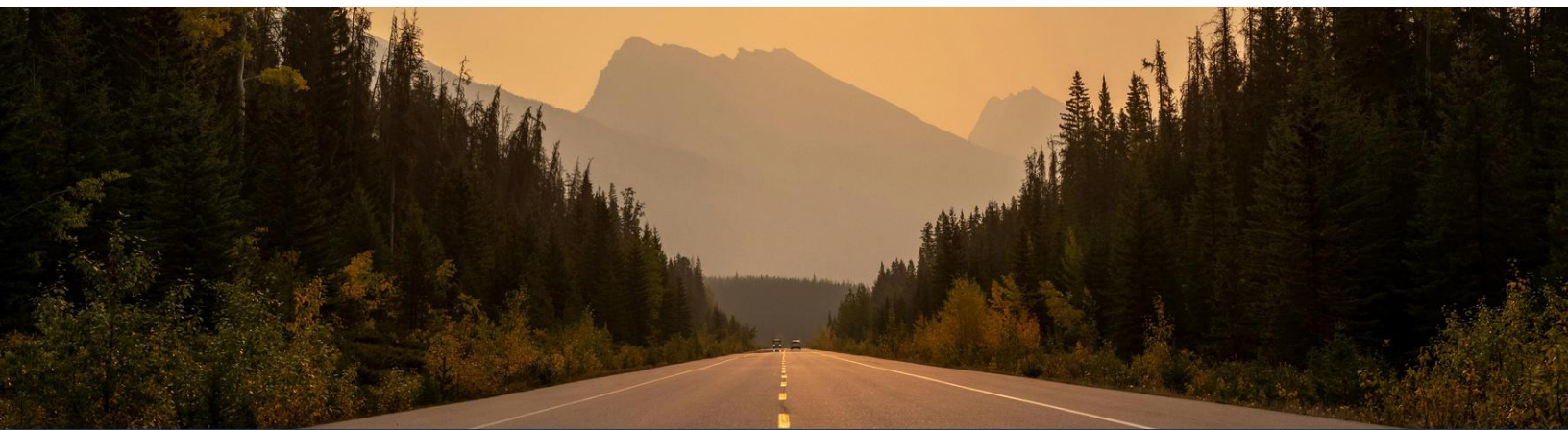
Pay Your Kids	Pay children a reasonable wage for legitimate work. This can shift income, create earned income for Roth IRA funding, and build work history with proper payroll records.
QBI Deduction Planning	Optimize Section 199A through entity structure, W-2 wage levels, retirement contributions, aggregation elections, and income management.
Qualified Charitable Distributions	IRA owners age 70 1/2 or older can donate directly from an IRA to charity, potentially reducing taxable IRA income and satisfying RMDs.
Qualified Opportunity Zone (QOZ)	For eligible capital gains, QOZ funds may provide deferral and potential tax benefits if holding period and investment rules are satisfied.
Qualified Small Business Stock	Eligible Section 1202 stock may allow exclusion of a portion of gain on sale, subject to company, holding period, and shareholder rules.
R&D Tax Credit	Businesses with qualifying research activities may claim credits that offset income tax, and some small businesses may offset payroll tax.
Roth Conversions	Convert pre-tax IRA dollars in lower-income years to create future tax-free Roth growth. Best modeled around brackets, IRMAA, state tax, and estate goals.
S-Corp Reasonable Compensation	S-corp owners may reduce payroll tax exposure by balancing reasonable W-2 wages with distributions, while avoiding compensation that is too low.
Section 530A Trump Accounts	A new type of IRA for minors under IRC Section 530A. Children under age 18 with a valid SSN may qualify, and a \$1,000 pilot contribution applies to U.S. citizen children born Jan. 1, 2025 through Dec. 31, 2028.
Solo 401(k) / SEP IRA	For self-employed owners, these can shelter meaningful income. Solo 401(k)s may also allow Roth and after-tax features depending on plan design.
Tax-Gain Harvesting	Realize gains intentionally in low-income years, especially when taxpayers may be in a low capital gains bracket.
Tax-Loss Harvesting	Realize losses in taxable accounts to offset gains and potentially up to \$3,000 of ordinary income, while managing wash-sale rules.
Traditional Retirement Contributions	Use 401(k), 403(b), 457(b), SIMPLE IRA, SEP IRA, or deductible IRA contributions to reduce current taxable income when appropriate.
Vehicle Strategy	Choose between standard mileage and actual expense methods. Larger business-use vehicles may qualify for accelerated deductions, subject to strict rules.
1031 Exchange	Defer capital gains on investment real estate by exchanging into like-kind replacement real estate within strict identification and closing timelines.
529 College Savings	Use tax-advantaged education savings. Some states offer deductions or credits, and qualified distributions can be tax-free.
721 UPREIT	Potentially contribute real estate into an operating partnership in exchange for OP units, often used for deferral and diversification planning.

Implementation Notes

- Do not implement the highest-value strategies casually. Accountable plans, family payroll, Augusta Rule planning, S-corp compensation, cost segregation, PTET elections, and charitable trusts all need documentation and professional coordination.
- For family payroll, the child must perform real work, the pay must be reasonable, and records should look like any other employee file: job description, time tracking, payroll reporting, W-2 or other applicable reporting, and payments from the business account.
- For Section 530A Trump Accounts, IRS guidance describes these as a new type of individual retirement account for children. Account details, contribution mechanics, custodians, and implementation procedures may continue to evolve, so verify before publishing or advising.
- For real estate exit planning, compare 1031 exchanges, DSTs, 721 UPREITs, Opportunity Zones, CRTs, installment sales, and tax payment strategies side by side rather than presenting any one strategy as universally superior.

Sources

- IRS Accountable plans, Treas. Reg. Section 1.62-2: <https://www.ecfr.gov/current/title-26/section-1.62-2>
- IRS Renting residential property, Topic No. 415: <https://www.irs.gov/taxtopics/tc415>
- IRS Trump Accounts: <https://www.irs.gov/trumpaccounts>
- IRS Retirement plan and IRA limits for 2026: <https://www.irs.gov/newsroom/401k-limit-increases-to-24500-for-2026-ira-limit-increases-to-7500>
- IRS Health Savings Account limits, Rev. Proc. 2025-19: <https://www.irs.gov/pub/irs-drop/rp-25-19.pdf>
- IRS Bonus depreciation guidance under OBBBA: <https://www.irs.gov/newsroom/treasury-irs-issue-guidance-on-the-additional-first-year-depreciation-deduction-amended-as-part-of-the-one-big-beautiful-bill>
- IRS Qualified charitable distributions: <https://www.irs.gov/newsroom/seniors-can-reduce-their-tax-burden-by-donating-to-charity-through-their-ira>



If you have any questions, we are always here to discuss!

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