

SMART TAX PLAYS FOR OWNERS

SMALL BUSINESS
TAX MOVES



KEEP MORE. **OWE LESS.** STAY COMPLIANT.

Ten legit, **IRS-blessed** ways to cut your tax bill — structure the business right, claim what Congress wrote for you, and keep records that survive an audit.

10 SMART TAX MOVES

01

Elect S-corp status



Pay a fair salary; take the rest as distributions.
✓ **Distributions skip the 15.3% SE tax**
Most-audited move — keep the salary reasonable.

02

Claim the 20% QBI break



Deduct 20% of your pass-through income.
✓ **Now PERMANENT — §199A**
OBBBA repealed the 2025 sunset for good.

03

Expense equipment now



\$179 + 100% bonus depreciation, back for good.
✓ **Write off up to \$2.56M in 2026**
Section 179 and bonus stack together.

04

Deduct the home office



Exclusive-use space, simplified method.
✓ **\$5/sq ft • up to \$1,500**
Regular, exclusive business use only.

05

Fund a Solo 401(k) / SEP



Turn profit into tax-deferred savings.
✓ **Up to \$72,000 in 2026**
+\$8,000 catch-up at 50 (+\$11,250 at 60–63).

06

Put your kids on payroll



Pay them for real work (sole-prop / partnership).
✓ **Under 18: no FICA • \$16,100 shelter**
Wages must be for actual work done.

07

Run an accountable plan



Reimburse phone, car & home use — tax-free.
✓ **Reimbursements aren't wages • §1.62-2**
Substantiate ≤60 days; return excess ≤120.

08

Cover health, pre-tax



SE health-insurance deduction plus an HSA.
✓ **HSA 2026: \$4,400 / \$8,750**
Above-the-line — no itemizing needed.

09

Use the Augusta rule



Rent your home to your business ≤14 days.
✓ **Rental income tax-free • §280A(g)**
Real purpose + fair-market rate, documented.

10

Deduct the business vehicle



Standard mileage or actual costs.
✓ **2026 rate: 72.5¢ per mile**
Keep a contemporaneous mileage log.

WHY IT PAYS OFF



Slash SE tax
Dodge the 15.3% hit



20% off, for good
QBI is now permanent



Build wealth
Tax-deferred retirement



Audit-ready
Deductions you can defend

BEST PRACTICES



Separate accounts
Business bank + card



Keep records
Logs, receipts, minutes



Reasonable salary
Don't zero out S-corp pay



Put it in writing
Plans & rental agreements

KEY 2026 NUMBERS



15.3%
Self-employment tax



20%
QBI deduction (permanent)



\$72K
Solo 401(k) max



72.5¢
Business mileage / mile