

00:00:05 Welcome To taxes. How not to pay more than is necessary. Taxes will be your biggest business expense if you don't plan properly. And frankly, that is just wasted money that you can be putting into creating your own economy first. So it's worthwhile to learn the basics of getting creative when it comes to making good decisions around how to minimize your taxes. In fact,

00:00:29 if you're not handling your taxes the right way, you are missing out on one of the most valuable benefits of owning a business. And if you're not filing your taxes right now, because it feels too complicated or because you've gotten behind and now you aren't sure how to get caught up. You are almost certainly playing smaller or keeping yourself smaller than you will.

00:00:50 Once you see that taxes can be manageable and you can get a system in place for handling them. So you can play a bigger game. If you have not been paying taxes or owe money to the government for back taxes, and you've been avoiding it, be sure to watch the lessons here on what to do. If your taxes are messed up and get it cleaned up,

00:01:10 this is a great time to step into empowerment and stop playing small because you're avoiding dealing with taxes. If you have been paying taxes and have a sneaking suspicion that you've been paying more than you should. Well, you're probably right. So let's get down to it. Tax planning is what leads to wealth. It's legal. And what's great is that if you do it right,

00:01:35 it will lead you to personal wealth. Even if you're not making a huge amount of money. Because as I mentioned, taxes are your greatest expense, and they're also your greatest opportunity to get the government to subsidize your personal and professional growth. Your investment in the support that you'll need to build an enterprise or a venture that puts you in the role of leadership taxes.

00:01:59 In fact can exceed everything that you pay for food, shelter, transportation, and clothing, all combined. If you add up all your state and federal taxes. So if you can decrease your taxes, you're either going to be keeping a lot more money or making a lot more investment and things that impact your time, energy, attention, bottom line. And at the same time,

00:02:20 support the people in your community, your family and your team. You actually can get rich just by reducing your tax expenses and investing the money that you save. Most of us don't do it though. Why? Well, because it feels complicated and confusing. We don't know what to do. We're scared and we don't want to get in trouble. All understandable.

00:02:42 So what do we do? Well, we do what we usually do. We ignore it or we avoid it because that seems to be the easier way, but it's not think about how much less hard you will have to work. If you reduced your taxes by investing more money in hiring the support need, and then freed up your time, energy and attention,

00:03:03 saving money on your taxes can be one of the best reasons to be in business for yourself. And to set up a business entity, even if you still have a job working for someone else, because that way you can deduct legitimate business expenses from your income in a safe way, you investing in services and people and systems to build structures that get you closer to the life you want doing the work in the world.

00:03:27 That's yours to do is how you create your economy. So as you're considering taxes, see the reality that you can either make financial profit, which will be taxed, or you can make sure that you're paying yourself enough through payroll and small profit distributions to minimize your taxes, and then invest the rest back in the people, the systems and the services that you need to be your best self and live your best life.

00:03:57 Now, eventually you may get to the point where you can not avoid making financial profit, because while you're making so much money, and when that happens, it is time to start considering how you can share the wealth, receive your harvest, maybe even step beyond your role as CEO and become chairman of the board and encourage others to step up and lead.

00:04:19 When you start making so much money that you can't avoid, big profits, be sure to consult with your lawyer and your LIFT business advisor to plan for your harvest. Well ahead of time. But in the meantime, in these beginning times, if you're there in the beginning of times, when you aren't making a lot of money, remember that setting up a business entity,

00:04:40 getting yourself on payroll and handling your withholding through payroll is going to save you lots of money on your taxes. Don't worry. I'm going to go way more in depth into that here in our module on taxes. If you are a sole proprietor, which you are, if you get a 10 99 and you don't have a business entity, or if you have an LLC set up,

00:05:04 that is taxed as a sole proprietorship, you will pay a 15% payroll tax on all of your earnings up to the maximum, which right now is about \$130,000, 137,000. And that can add up quickly. So if that is you, and you've gotten this huge tax bill that surprised you as you transitioned from a job or a paycheck where taxes were being taken out to now being a 10 99 freelance or independent contractor,

00:05:36 and you didn't handle your taxes, right? Well, let's get that fixed. Okay. So let's talk about business expenses, which are also called write-offs. And what that means is that you can write off expenses that you use to earn your income against your taxable income. What that does is decreases the income that is subject to income taxes. I like to think of it as a government subsidy for the expenses that you'd be spending money on in your business.

00:06:06 Anyway. So while the Schitt's Creek show snippet that we've got posted here in this lesson is funny, and I do encourage you to watch it. And David is wrong that the

government doesn't pay for your write-offs. It is the case that business expenses are essentially subsidized investments. Think of it this way. When you're An employee working for someone else's business, you get a paycheck.

00:06:32 And when you get that paycheck, there are all sorts of taxes taken out before it gets to you. So you've got your pay and then you've got your take home pay, which is much less, right. I remember when I worked for the big law firm and I got that six figure salary that I was so excited about. And then I got my first paycheck and I was shocked to see how little I was actually taking home.

00:06:55 Well, if you've had a job, you know, that feeling yourself. So I've broken down the taxes that are taken out in your paycheck and another lesson in this module. But for now, it's important for you to understand that you need to know how to minimize those taxes for yourself, because that is one of the big benefits of being in business.

00:07:12 Most business owners will leave tax decisions to their CPA or their bookkeeper, but it is not the way to do it. Instead as a business owner, it is your job to understand enough about taxes, to structure your business and your investments in your business, in a tax advantaged manner. So what does it mean? It means that you set up your profit and loss statement for review every month,

00:07:35 categorizing your income and your expenses as discussed in the financial module, no more checkbook, accounting. And then you meet with your CPA as indicated in our lesson here on your twice a year meetings, where you find out what are you going to owe and how can you minimize that? And you consider having your family business, lawyer, or your LIFT business advisor with you at those meetings.

00:08:00 And most importantly, you learn to ask the right questions. See you don't have to be an expert on taxes or even be good at math. You do have to be an expert on asking for support, asking the right questions and not agreeing to anything you don't understand, including by the way, signing your tax return. Before you agree to any transaction or sign any documents,

00:08:24 including your tax return. It is your job to understand. And if you don't understand, you ask for it to be made clearer, more simple, asking for clarity until you understand doesn't make you seem stupid. In fact, it's just the opposite. You can get knowledgeable enough to ask the right questions and that's what we're going to do together here. And before we do take a deep breath,

00:08:50 This can feel like a lot. So if you get overwhelmed or you just start to zone out, just notice the feelings, take a break if you need, but come back to it and remind yourself why it's so important. This is your money we're talking about here. And when you overpay in taxes or just don't pay at all, you are not taking care of what you have and you are leaking valuable energy.

00:09:15      Being willing to invest the energy, to take care of what you have is one of the best investments that you can make in your growth. And if you don't take care of what you have, life is not going to give you more. So remind yourself that you are learning to understand this so you can feel confident and you can understand it enough to ask the right questions of the right advisors at the right time.

00:09:38      You want to play a bigger game and it starts by learning and expanding your capacity to hold and care for what you truly desire. Remember the big difference between those who are wealthy and those who are not, is that wealthy people understand how to play the game. And those who are not wealthy well, they get played by the game. If you know the roles,

00:10:00      you can win the game. And if you don't know the rules you lose now let's play.