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business and individual finances to reduce tax liability.

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The image displays three overlapping IRS tax forms. The top form is Form 1065, 'U.S. Return of Partnership Income', for the calendar year 2005. Below it is Form 1120S, 'U.S. Income Tax Return for an S Corporation', also for the calendar year 2005. The bottom form is Form 1120, 'U.S. Corporation Income Tax Return', for the calendar year 2005. Each form includes fields for the taxpayer's name, address, and other identifying information, as well as checkboxes for filing status and other relevant details. The forms are presented in a collage style, with some overlapping.

While President Trump is challenging the election results, it appears Biden is President-Elect. As a result, tax rates are almost certain to rise now and business owners are nervous. And as with any major tax change, there's confusion.

## So, why are business owners asking about “101.5

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California State Tax	12.4%
San Francisco City Tax	1.5%

It is true that if you were to add up each of these taxes, it comes to a total of 101.5

2020	Post-TCJA & CARES Era	Clients will need to make decisions not knowing if the Biden tax hikes are coming in 2021 or 2022.
2021	Pre-Biden Tax Law	Clients will need to make decisions before they know the final law and what year it applies to.
2021	Post-Biden Tax Law	Clients need to restructure to match the new tax paradigm once passed.
2022	First or Second Year of Biden Tax Law, Potential First Biden Tax Season	For any provisions to affect the 2021 year, they will need to be adjusted for in tax returns. This may be the first full year of the Biden tax hikes.
2023	First or Second Year of Biden Tax Season	This may be the first post-Biden tax hikes tax season if the majority of laws aren't in effect until 2022.

How do you give clients advice when you don't know:

- Whether another COVID-19 bill will be passed?
- What will their business be doing in profit in 2020, 2021, 2022 or beyond?
- What the final changes to the law and tax rates will be?
- What effect will state changes have on their tax rates?
- What changes state and local governments will make with their tax laws?
- How will guidance and interpretation be enforced?

So how do you deal with all of these uncertainties and so much more? Very carefully.

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thousands (or tens of thousands) of dollars. But the opportunity for firms is massive. How much is it worth to save a client \$10,000? How about \$30,000? What would they be willing to pay? Probably more than \$460.

But adding proactive tax planning and advising to their practice requires accountants to make a huge shift in the way they work with their clients, one that takes them from being reactive, past-looking tax preparers into proactive, forward-looking tax planners and advisors. Those who choose to not make the shift will have dozens to hundreds of clients that are going to be paying more in taxes in the next year and for many years to come.

For tax preparers, making the shift to proactive and strategic tax planning is challenging during normal times, and these next 30 months will be anything but normal. You may be seeing the greatest increase in taxes in decades. And with fear of that looming for so many business owners, accountants will have to learn to perform tax planning with:

- Tax planning strategies for pre- or post-tax law change
- Business planning for each legal entity
- Multi-entity planning
- Multi-year planning with uncertainties in tax rates
- State tax planning
- And more

In order to be able to help, accountants need to redefine their engagements, fees and relationships with their clients. Rather than only meeting with them at year-end during tax season, they will need to meet before then and maybe in some cases every single quarter. They will need to perform proactive tax planning to not just determine what amount of taxes will be due for estimated payments, but how to re-orient the business and individual finances to reduce tax liability. This will involve

not just tax planning, but also the implementation of those planning strategies and a

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process may repeat itself. If there's one thing that's certain, tax preparers will need to level up and get involved in the changes that are coming or their clients are going to get left paying higher taxes than they have paid in their entire adult lives. And the most involved firms – those that get proactive and make the shift to tax planning – will build a new relationship with their clients and save them thousands in taxes while helping them comply with every new change in the law.

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*Andrew Argue, CPA, is the CEO and founder of [Corvee](#), a software and solutions company serving tax and accounting firms. At Corvee, Argue works to help tax and accounting firms increase their revenue and profitability through tax planning.*

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