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Here are other tactics to help you lower your business' taxes.

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By David Faulkner, CFP, RICP, Kiplinger Consumer News Service (TNS)

As a U.S. citizen and business owner, I really don't have a problem with paying the taxes I owe. I understand the money the IRS collects (about **\$4.3 trillion, net**, in federal taxes in 2022) goes toward everything from education, transportation and the country's defense to Social Security, health care and veterans' benefits.

And yet ...

I don't necessarily have an overwhelming desire to pay more in taxes than I

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attorney who understands the tax code and how to use it, legally, to your advantage.

Here are just five strategies that could help you lower your taxes this year—and in the years ahead.

1. Hire your kids.

Employing your children can be a great way to help them understand what you do and why you do it. Plus, they'll get to earn a paycheck (instead of you paying someone else to do the job). And by giving them real work, complete with a job description and wages, it could help you reduce your overall tax liability. Here's how:

- If you're careful and follow IRS rules, you can lower your taxable income by deducting their wages and some benefits from your business income.
- Employed children do have to pay income taxes, regardless of their age, but each child's income will be tax-free up to his or her standard deduction of \$14,600 in 2024).
- If your children are under 18 and your small business is 100% family-owned (a sole proprietorship or a partnership between the kids' parents), their wages won't be subject to Social Security and Medicare (FICA) taxes. And if the kids are under 21, their wages won't be subject to unemployment (FUTA) taxes.
- Of course, you'll have to comply with all child labor and tax laws, which means solid bookkeeping is a must, as are appropriate work and wages. But this can be an opportunity to teach your kids valuable life lessons and get them started saving toward their goals. (With their own earned income, they could even open a traditional or Roth IRA.)

2. Be bold with your brand.

Putting your logo on the clothing you wear can be a good way to get your name out

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unexpected medical expenses, and HSAs offer several tax benefits, including:

- The money you deposit in your account is deductible on your tax return.
- You can invest the money in your account and watch it grow tax-free over time.
- If you take money from the HSA to pay for qualified medical expenses (including dental, vision and, in some cases, over-the-counter medications) you won't be taxed on your withdrawals. (This means that, unlike other retirement accounts, the money in an HSA can be tax-free going in and coming out.)
- Though you can't contribute to an HSA once you turn 65, you can continue to use the funds in your account for medical costs as long as the money lasts. This makes an HSA a great way to save for medical bills you may encounter later in life.

4. Mix pleasure with business.

You may be able to deduct some travel expenses from a vacation trip if you spend more than half of your time away doing business. (Attending a conference, meeting with clients or doing research, for example.) Here are some things to keep in mind if you have an opportunity to use this strategy:

- Your trip must include at least one overnight stay to qualify. And, of course, all your expenses must be properly documented.
- The IRS says deductible travel expenses must be "ordinary" (or typical) for your business. And they must be deemed "necessary" to expand your business and/or increase your profits.
- Family members' meals and entertainment won't be deductible unless they are also representing the business—and their expenses must also be "ordinary" and "necessary."
- To be clear, this must be a legitimate business trip. You can't just do some work on the plane or the beach and expect to write off your expenses.

5. Make the most of the 'Hummer deduction.'

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Thanks to the ever-changing tax code, it's becoming more and more challenging for business owners to understand and employ tax-smart planning. And I know people often shy away from any unfamiliar strategy they believe could trigger an IRS audit.

But many of the numerous tax credits and deductions available today were put into place specifically to help business owners succeed. This is why I encourage you to do your research and work with a qualified professional who can help you find the tax breaks you have coming.

Kim Franke-Folstad contributed to this article.

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