



COOK MARTIN POULSON, P.C.

*Certified Public Accountants*

CLIENT

## Green Insulation, LLC

SERVICES

## Tax Services

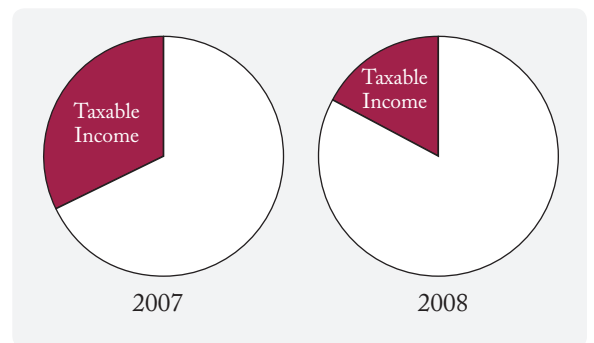


*Green Insulation, LLC is a successful insulation contractor located in Salt Lake City, Utah. They subcontract to residential and commercial general contractors assisting in the construction of homes and commercial buildings. Last year, Green Insulation, LLC made a profit of approximately \$220,000. The company is owned by John and Tim, 50 percent each, who each became concerned about the tax consequences of their business's success. That is when they contacted us.*

When we first met with John and Tim, we had an initial meeting to learn about them individually and their business. We visited with them about their goals and forecast of their business. We reviewed previous years' tax returns and learned their LLC had not made the election to be taxed as an S-Corporation. Since that election had not been made their LLC was taxed as a partnership and subject to an additional 15.3 percent Self Employment tax. The first service we provided them was to prepare and file the necessary paperwork to elect to have Green Insulation, LLC be taxed as an S-Corporation. By taking this step we saved them approximately \$18,360 annually in Self Employment tax.

We then met with John and Tim just prior to the year ending so we could do tax planning and tax projections. We discussed tax strategies such as; how to pay their children who are involved with helping the business; creating a 401(k) retirement plan for their business; purchasing needed equipment before the end of the year; donating appreciated assets to charity; and investing in tax smart investments such as certain oil and gas investments. Some of the strategies made sense to them and others didn't. But because of this tax planning meeting we were able to take action before the end of the year to help control their tax consequences instead of being reactive and being hostage to

historical results. By implementing some of these strategies before year end, we helped John and Tim save another \$12,500 in tax that year.



Early in the New Year, when it came time to prepare the taxes for the LLC and John and Tim personally, we already had a good idea of what the results would be. We met in February and collected all the necessary information to prepare the tax returns. Within two weeks we, prepared the tax returns, emailed them to John and Tim for review, and submitted them electronically to the IRS and the State tax agencies.