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Why Didn't My CPA Tell Me That?

If you've failed at finding and using legal tax strategies in the past, it's not your fault. Most CPAs focus on tax *preparation*, not tax *strategy*.

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More Than Just Preparation

Business owners and high net worth families have traditionally faced two undesirable choices when it comes to saving on taxes.

On one hand, they know they are missing out on tax savings because they work with a firm that is only focused on tax preparation and puts no focus on tax strategy (sound familiar?). On the other hand, they have been bombarded by promoters who push offshore tax havens and other dubious claims that will put them in the IRS's crosshairs.

The smart decision was to keep paying high taxes. It's a better than ending up in tax court or worse.

But we offer a third alternative...

A tax strategy process that matches the facts of your situation to the US Tax Code to identify all the legal tax strategies for which you qualify.

- There are over 75,000 pages in the tax code, Treasury Department Rulings and IRS tax court
- Only about 15% of this is about paying taxes
- 85% of the tax code is a legal road map to pay lower taxes

These are the same strategies the wealthy and big corporations have been enjoying for decades.

What Tax Strategy Is Not

- ✕ **Offshore tax shelters:** Illegal schemes that come with high risks.
- ✕ **A product like life insurance or annuities:** While these can offer some tax benefits, they are not comprehensive solutions.
- ✕ **Inflating expenses or engaging in aggressive tax schemes:** These can attract unnecessary attention from the IRS and lead to audits.
- ✕ **Last-minute, year-end maneuvers like maxing out your IRA or buying equipment for a quick deduction:** These short-term strategies have their place but aren't enough to maximize your tax savings in the long term.

Our Process

- **Discovery** Meeting To Learn About Your Personal and Business Finances
- **Match** your situation to the strategies in the tax code
- **Perform** a Cost Benefit Analysis to identify high value strategies
- **Review** Findings With You And select tax strategies
- **Implement** Your Strategies

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CASE STUDY 01

The Right Entity Structure

THE SITUATION

- $1.1 Million in Annual Debt Service
- $100k Interest Tax Deductible
- $1 Million Taxable Principal Repayments

BEFORE	AFTER	
$370,000 Tax Liability	$210,000 Tax Liability	**$160,000** Per Year In Tax Savings
($1,000,000 x 37%)	*($1,000,000 x 21%)*	

When we met Mike, he was paying his debt service out of his S-Corp. He was at the top personal tax rate of 37%. What this meant was that each year he was paying taxes on his $1,000,000 on his principal repayment, which equated to $370,000 in taxes.

OUR RECOMMENDATION

We recommended that he set up a management company, which would be a C-Corporation. The top tax rate for a C-Corporation is 21%. Mike would be taxed at the 21% corporate tax rate rather than his 37% individual tax rate on the principal portion of his debt. This would save him $160,000 a year. ($370,000 @37% vs. $210,000 @21%) We achieved these tax savings simply through restructuring how he was repaying his debt service.

CASE STUDY 02

Accelerating Depreciation to Reduce Taxes and Improve Cashflow

THE SITUATION

- $2,000,000 Commercial Building Purchase
- $500,000 Land Value
- $1,500,000 Structure

WITHOUT COST SEGREGATION

39 Year Depreciation, $38,000 / Year

- **Property** $2,000,000
  - **Land,** None, $500,000
  - **Structure,** 39 Yrs, $1,500,000

WITH COST SEGREGATION

Depreciation Years 1 to 5, $159,393

- **Property** $2,000,000
  - **Land** None $500,000
    - **Land:** None, $400,000
    - **Improvements:** 15 Yrs, $100,000
  - **Structure** 39 Yrs $1,500,000
    - **Structures:** 27.5 Yrs, $900,000
    - **Personal Property :** 15 Yrs, $100,000

Net Accelerated Depreciation: $159,393 - $38,000 = **$120,393**

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CASE STUDY 03

$20 Million / Zero Capital Gains Tax

THE OPPORTUNITY

Section 1202 – Qualified Small Business Stock (QSBS): Section 1202 of the Internal Revenue Code allows investors in certain qualifying small businesses to exclude up to 100% of federal capital gains taxes on the sale of their stock. For founders and early investors, this can mean millions in tax savings.

THE SITUATION

Entrepreneur	Sarah
Company Name	Tech-enabled logistics startup
Year Founded	2018

Sarah structured her company as a C-Corporation and issued stock that qualified as Section 1202 Qualified Small Business Stock (QSBS). An early investor purchased $2 million of stock when the company's valuation was still under the $50 million QSBS threshold. The investor held the shares for more than five years, meeting the key QSBS holding requirement.

In 2025, the company was acquired by a strategic buyer for an initial investment of $2,000,000 and a sale value of shares of $22,000,000 equaling a total gain of $20,000,000.

Under normal capital gains rules, federal capital gains tax (23.8%) would equal ~$4.76 million. However, because the shares qualified for Section 1202 QSBS, Taxable Gain is $0 and Federal Capital Gains Tax is $0.

WHY IT QUALIFIED

The investment met the key QSBS requirements:

- Stock issued by a domestic C-corporation
- Company had less than $50M in gross assets at issuance
- Shares originally issued (not purchased) from shareholder
- Investor held the stock for more than five years
- Company operated in a qualified active business

THE TAKEAWAY

For founders and early investors, structuring investments properly from the beginning can create one of the most powerful tax advantages available in the tax code.

Section 1202 can allow investors to exclude up to $15 million of capital gains or 10× their original investment — *whichever is greater.*


Company data
Data
Sales

The Plan Behind The Life You Want To Live

At Echelon Financial, we put our clients and their needs at the forefront of every planning decision.

We pride ourselves on providing top-notch advice tailored to each client's unique needs. We're here to help you grow your wealth and leverage your time so you can focus on what really matters —*building your wealth, spending time with family, and following your passions.*

If you are looking for a firm that understands your world and can proactively advise you on steps you can take to lower your taxes, grow and protect your wealth, then please reach out to us.

What We Can Do For You

- ✓ Give you the right advice that you need to achieve your goals.
- ✓ Help you get and stay completely financially organized.
- ✓ Get your entire financial house in perfect order.
- ✓ Provide accountability to get on track and stay on track.
- ✓ Give you the confidence that no matter what happens in the market, the economy or the world, you are still going to achieve your goals.

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Get To Know Our Team

At Echelon Financial, we make sure all the members of your team are communicating and are focused on the strategies to optimize your family's future so that you can continue to grow as an entrepreneur and put 100% into growing your business.

Chris Wilbratte, Founder, Partner, and CEPA

Chris Wilbratte has 32 years of experience working with Business owners and entrepreneurs. As a lifelong entrepreneur, he has a unique perspective in the challenges and opportunities that our clients face. He helps our clients manage their financial world so they can focus on growing their business and spending time with their families.

Jim Morano, Partner and CPA

Jim has a Masters in Accounting and has been helping our clients with tax and accounting services for over 25 years.

Kyle Getzen, CPA

Kyle, a licensed CPA with a degree in Accountancy from Xavier University. He has an extensive and diverse background of tax compliance and consulting.

Brian Boughner, Chartered Financial Analyst

Brian, co-founder of Parallel, is a CFA with over 20 years of investment experience. He has helped his clients successfully manage their investments since 1999.

Michael Pate, Client Service Director

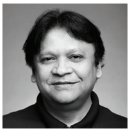
Michael has worked with Chris for over 30 years as his Client Service Director. He coordinates client service and helps coordinate annual client reviews.

Kelly Manzano, EA and Client Services

Kelly works with our clients on their service needs, ensuring client satisfaction. Her focus is working on the Wealth Management and Wealth Planning team.

Angie Barron, Office Manager

Angie has worked as our office manager for over a decade. She is experienced, knowledgeable and does a great job of working with our clients.



Ajay Hingu, Tax Preparer

Ajay is a tax professional with 25+ years in public accounting. His expertise allows him to provide insightful guidance, ensure compliance, and optimize tax strategies.

Stop working with a human version of turbo tax.

Scan the QR code or visit **echelonfinancial.com/schedule** to schedule a 15-minute call to learn how you can keep more of your hard-earned money.

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