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The “100 to 1 Plan”

Reducing the Taxable Capital Gain from 100% to 1%, Gain Added Income Tax Savings and Disinheriting the IRS.

Challenge

Because they are unaware of the tax codes and how to properly apply them, sellers of real estate, businesses, crypto currency and other capital assets unnecessarily see a significant portion of their profits eaten away by capital gains taxes. Further, high income earners needlessly pay more in income taxes than the laws require.

Over the years, Congress has enacted laws that are specifically designed to reduce and, in some situations, even eliminate capital gains and income taxes. This planning strategy is one of them.

Solution

The “100 to 1 Plan” is a broad-based advanced tax strategy that builds and protects wealth. By coupling a specific type of Limited Liability Company (LLC) with charitable intent, it creates personal income tax deductions, eliminates virtually all income and capital gains tax and removes those assets from the taxable estate without gift or Generation Skipping Transfer Tax.

Applications

- Sale of real estate, privately held businesses, crypto or other capital assets to save capital gains taxes
- High Income Earners in the 32% and above tax brackets looking to save income taxes
- Liquidation of S-corporations or C-corporations
- Mitigating or eliminating Estate Tax issues
- Over-funded or highly taxed Qualified Plans such as 401k, IRA, Pensions & Annuities
- Anyone who wants to create a family legacy

and Much More…

Results

- $14m sale of a service company: $3m in capital gains taxes eliminated, up to $1.2m first year added income tax savings and increased proceeds by 38%

- $3.6m apartment complex sale: $784K in capital gains taxes eliminated, up to $316K first year added income tax savings and increased proceeds by 30%

- $68m estate facing $26m in estate taxes: $26 estate taxes saved with proceeds passing to heirs tax-free

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Key Benefits

- Client and heirs keep total control over assets transferred to LLC and retain all investment decisions
- Assets held in LLC can potentially grow up to 99% free
- Appreciated assets can be sold or liquidated, eliminating 99% of the capital gains or depreciation recapture
- Income tax deductions are generated to help offset taxable income
- Assets are potentially protected from creditors and lawsuits
- Provides an exit strategy and does not require the purchase of “like-kind” replacement property like in a 1031 Exchange
- Allows for capital asset sales to related parties

Qualifications

- Most capital assets with a selling price of $1,000,000 or more with no maximum
- Sellers of appreciated assets who desire a true exit strategy
- Sellers who do not want to be limited by annuity payments
- Sellers facing a substantial capital gains tax obligation at closing, cancellation of debt, depreciation recapture, expected failure of a 1031 exchange, pre-payment of an installment debt
- High income earners searching for a significant reduction of income taxes

IRS Codified

- The laws that support this planning approach reach back to 1954. They have been updated through the years with the IRS setting Standard Guidelines most recently in 2021.
- The IRS recognizes the exempt status of the specific type of LLC entity used and the separate 501(c)(3) tax exemption of LLCs that represent that such status is permitted of LLCs under state law, and whose articles of organization and operating agreement comply with 11 other conditions. All 11 conditions are met with this planning structure

About TaxWealth

Based in Mission Viejo, CA, TaxWealth is a tax analysis and solutions research company with 35 years experience providing value-added tax planning support to CPAs, attorneys, financial advisors and brokerage professionals to uniquely solve their clients’ tax problems.

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