Action Accounting
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FREE GUIDE · 2026 EDITION

Jake's Top 10 Tax Secrets

Every business owner should know before their next tax bill

The practical moves our clients use to keep more of what they earn, updated for the 2026 tax law.

- ✓ S-corp & entity moves
- ✓ 100% bonus depreciation
- ✓ Retirement & HSA limits



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A NOTE FROM JAKE

Most business owners overpay. Not because they earn too much, but because they plan too late.

Every spring I meet owners who could have saved thousands, if someone had talked to them in October of the previous year. The tax code rewards people who plan ahead, and most of the best moves have to happen before the tax year closes.

These are the ten strategies I walk clients through most often. None of them are loopholes. They're legal and practical, and they're updated for the 2026 rules. Read them, circle the ones that fit, and let's talk about your numbers.

— Jake

Inside this guide

01 Choose the right entity
02 Time your big purchases
03 Claim the 20% QBI deduction
04 Supercharge retirement savings
05 Put your kids on payroll
06 Use the Augusta Rule
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09 Use safe-harbor estimates
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Plus: 2026 tax numbers at a glance and a year-end checklist.

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SECRET 01 · ENTITY & PAYROLL

01 Your business structure may be quietly costing you thousands

If you run a sole proprietorship or single-member LLC, every dollar of profit is hit with 15.3% self-employment tax. An S-corp election lets you pay yourself a reasonable salary and take the rest as distributions, which aren't subject to that tax.

SAMPLE Illustrative: $150,000 net profit, one owner

Sole proprietor: self-employment tax on $150K profit **$21,194**

S corp: payroll tax on a $70K reasonable salary **$10,710**

≈ $10,500 saved in employment taxes per year, before payroll and admin costs. Distributions are still subject to income tax.

Jake's take

The savings are real, but the salary has to be reasonable for your role. Lowball it and the IRS notices.

Action step

Ask us for an entity comparison using your real numbers.

Want to know what this is worth for your business?
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SECRET 02 · EQUIPMENT & ASSETS

02 Time your big purchases. The write-off rules just got better.

The 2025 tax law made 100% bonus depreciation permanent for qualifying property acquired after January 19, 2025. Section 179 expensing goes up to $2,560,000 for 2026. Equipment, computers, machinery and some vehicles can be fully written off in the year they're placed in service.

SAMPLE Illustrative: $100,000 of equipment placed in service in 2026

Regular depreciation (5-year property), year-one deduction **$20,000**

100% bonus depreciation, year-one deduction **$100,000**

$24,000 vs $4,800 Year-one tax savings at a 24% bracket. Same equipment, five times the write-off this year.



Jake's take

"Placed in service" is the phrase that matters. Equipment still in the box at year-end doesn't count.

Action step

Bring your 12-month purchase plan to your next review.

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03

SECRET 03 · PASS-THROUGH INCOME

Don't leave the 20% QBI deduction on the table

Owners of pass-through businesses (S corps, partnerships, LLCs and sole proprietorships) may deduct up to 20% of qualified business income. The deduction is now permanent, but income limits, W-2 wage rules and special rules for service businesses can shrink it quickly. Most people don't fully understand this one.

SAMPLE Illustrative: married couple, $200,000 of QBI, below the income threshold

Qualified business income	QBI deduction	Your deduction
$200,000	**× 20%**	**$40,000**
from your pass-through	permanent under 2025 law	off taxable income

≈ $9,600 less federal income tax at a 24% bracket. Higher incomes and service businesses can see the deduction reduced or capped.

Jake's take

Your salary, your QBI deduction and your S-corp savings all work together. The right figures balance all three.

Action step

Check whether your 2026 income lands near the phase-out range.

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04

SECRET 04 · RETIREMENT

Turn your retirement plan into a tax shelter

A Solo 401(k) lets you defer up to $24,500 as the "employee" in 2026, plus employer contributions, up to $72,000 combined (more with catch-ups at 50+). A SEP IRA allows up to 25% of compensation, also capped at $72,000. SIMPLE IRAs and individual IRAs are options as well.

SAMPLE Illustrative: S-corp owner with a $100,000 W-2 salary

SEP IRA (25% of salary) **$25,000**

Solo 401(k): employee deferral + employer contribution **$49,500**



Employee deferral $24,500 · Employer contribution $25,000

Nearly 2× the tax-deferred savings with a Solo 401(k) at the same salary. 2026 combined cap: $72,000, plus catch-ups at 50+.



Jake's take

Every dollar you contribute is a dollar not taxed this year, and it's still your money. This is huge!

Action step

Choose your plan early. Setup and funding deadlines differ by plan type.

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05

SECRET 05 · FAMILY PAYROLL

Put your kids on the payroll (legitimately)

Wages you pay your child for real work are deductible to your business. In 2026, the first $16,100 of a child's earned income is covered by their standard deduction. In a sole proprietorship or parents-only partnership, wages to kids under 18 also skip Social Security and Medicare tax. This can be a major win-win situation.

SAMPLE Illustrative W-2 summary: family payroll

Employee	Employer
Your child, age 15	**Your sole proprietorship**

Annual wages for real work	**$16,100**
Federal income tax (covered by standard deduction)	**$0**
Social Security & Medicare (under-18 exemption)	**$0**
Deduction for your business	**$16,100**

≈ $5,150 family tax savings if that income would otherwise be taxed in your 32% bracket.



Jake's take

Real job, real timesheets, reasonable pay. Bonus: your child can put up to $7,500 of it into a Roth IRA. Let's teach them how money works as early as possible.

Action step

Write a simple job description and track hours from day one.

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SECRET 06 · HOME & MEETINGS

06 Use the "Augusta Rule" to rent your home to your business

Under Section 280A(g), you can rent out your home for up to 14 days a year without reporting the income. When your business rents it for legitimate meetings at fair market rates, the business may deduct the rent, and you receive it tax-free.

SAMPLE Illustrative invoice: home meeting space rental

INVOICE

Rate backed by 3 local venue quotes

From: You (homeowner) · To: Your Business, LLC

Q1 planning meeting · 1 day	**$1,200**
Q2 strategy session · 1 day	**$1,200**
Q3 team training · 1 day	**$1,200**
Q4 year-end review · 1 day	**$1,200**
Deductible to the business	**$4,800**

$0 taxable to you when rented 14 days or fewer per year. Keep meeting agendas and notes.



Jake's take

This one gets abused, so documentation is everything. Done right, it's one of the cleanest moves in the code!

Action step

Get three local venue quotes to back up your rental rate.

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SECRET 07 · REIMBURSEMENTS

07 Set up an accountable plan and pay yourself back tax-free

An accountable plan lets your business reimburse you for business costs you pay personally: home office, phone, internet, and mileage at the 2026 IRS rate of 72.5¢ a mile. The business deducts it, and the reimbursement isn't taxable income to you.

SAMPLE Illustrative Q4 expense report: owner reimbursement

Home office (10% of rent & utilities)	**$1,050**
Cell phone (60% business use)	**$216**
Internet (50% business use)	**$120**
Mileage: 1,200 miles × 72.5¢	**$870**
Reimbursed to you, tax-free	**$2,256**

Deductible to the business and not income to you, as long as receipts and logs are submitted on time.

Jake's take

This matters most for S-corp owners. No plan usually means money left behind.

Action step

Adopt a written plan and submit receipts within 60 days.

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08

SECRET 08 · HEALTH SAVINGS

Use the HSA, the only triple-tax-free account

With a high-deductible health plan, you can fund a Health Savings Account. Contributions are deductible, growth is tax-free, and withdrawals for qualified medical costs are tax-free too.

HOW IT WORKS The only account with three tax breaks

1 · Put money in	2 · Invest it	3 · Pay medical costs
Deductible	**Tax-free**	**Tax-free**
lowers taxable income	growth, year after year	qualified withdrawals

2026 limit	2026 limit	Age 55+
$4,400	**$8,750**	**+$1,000**
self-only coverage	family coverage	catch-up contribution



Jake's take

Invest it, pay small bills out of pocket, and it becomes a stealth retirement account that can keep building.

Action step

Confirm your health plan is HSA-eligible during open enrollment.

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09

SECRET 09 · ESTIMATED TAXES

Stop paying penalties with the safe-harbor rule

You generally avoid underpayment penalties if your quarterly estimates cover 100% of last year's tax, or 110% if your AGI was over $150,000, even if you owe more at filing.

SAMPLE Illustrative: last year's tax $40,000, AGI over $150,000

$40,000 × 110% = $44,000 safe-harbor target

Q1 · April 15	Q2 · June 15	Q3 · Sept 15	Q4 · Jan 15
$11,000	$11,000	$11,000	$11,000
estimate 1	estimate 2	estimate 3	estimate 4

No penalty even if your final bill is higher. Any balance is simply due when you file.

Jake's take

Safe harbor protects you from penalties, not from the bill. Pair it with a solid tax strategy for ultimate success.

Action step

Auto-transfer a set percentage of every deposit into a tax account.

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10

SECRET 10 · THE BIG ONE

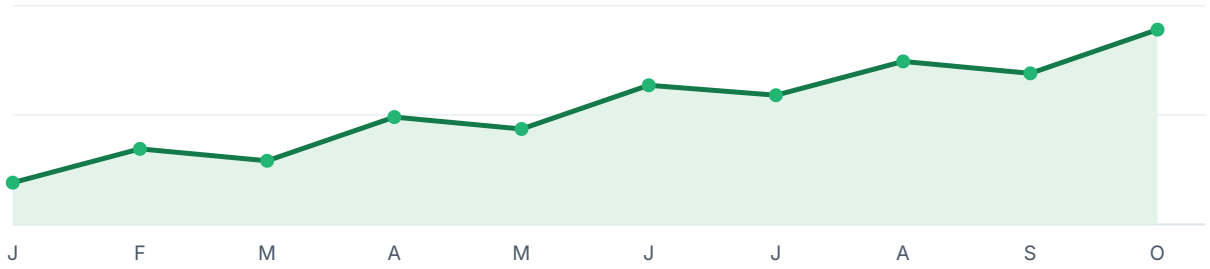
Plan all year, not at tax time

Almost every strategy in this guide has to happen before the tax year ends. Once it closes, most of your options close with it. Accurate monthly books plus a year-end tax projection turn tax season into a non-event.

SAMPLE REPORT Illustrative monthly client dashboard, October close

Revenue YTD	Net profit YTD	Cash on hand	Projected 2026 tax
$842K	**$168K**	**$96K**	**$31.4K**
+12% vs last year	20% margin	2.1 months runway	before planning

Monthly net profit ($K)





Jake's take

Our clients get their P&L, balance sheet and cash flow by the 15th of every month. Current numbers make the strategy obvious.

Action step

Book a tax projection now, while there's still time to act.

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CHEAT SHEET

2026 tax numbers at a glance

What	2026 limit
Section 179 expensing	**$2,560,000**
Bonus depreciation	**100% (permanent)**
QBI deduction (pass-throughs)	**Up to 20%**
401(k) employee deferral	**$24,500**
SEP IRA / total defined-contribution limit	**$72,000**
Traditional & Roth IRA	**$7,500**
HSA (self-only / family)	**$4,400 / $8,750**
Business mileage rate	**72.5¢ per mile**
Standard deduction (single / joint)	**$16,100 / $32,200**
Form 1099-NEC reporting threshold	**$2,000 (was $600)**

Your year-end checklist

- [ ] Run a year-end tax projection
- [ ] Place equipment in service before year-end
- [ ] Max out HSA contributions
- [ ] Pay your Q4 estimate by January 15
- [ ] Review your entity and owner salary
- [ ] Fund or open retirement accounts
- [ ] Submit accountable-plan reimbursements
- [ ] Collect W-9s from 1099 contractors

Sources: IRS 2026 inflation adjustments (IR-2025-103, IR-2025-111), IRS Notice 2026-10 (mileage) and the One Big Beautiful Bill Act (P.L. 119-21). Limits are federal and may be subject to phase-outs.

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Ready to keep more of what you earn?

Book a free 30–60 minute strategy call with Jake's team. We'll look at your numbers, flag which of these ten secrets fit your business, and show you what they could be worth. No obligation.

Book your free strategy call →

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