



## Tax Summary

### Federal Tax Summary for 2023

#### Personal Information

- Filing Status: Single
- Dependents: No

#### Digital Assets

- Received, sold, sent, exchanged, or otherwise disposed of a digital asset in 2023: No

#### Income

- Wages, salaries, tips, etc.: \$591,382
- Taxable interest: \$7,748
- Qualified dividends: \$63,458
- Ordinary dividends: \$67,192
- Capital gain or (loss): \$1,057,621
- Total income: \$1,723,943
- Adjusted Gross Income: \$1,723,943
- Qualified Business Income Deduction: \$397
- Taxable income: \$1,693,469

#### Deductions

- Deduction: \$30,077

#### Tax and Credits

- Tax: \$402,929
- Other Taxes: \$46,064
- Total Tax: \$447,921
- Total Payments: \$410,871
- Amount you owe: \$37,050

#### Schedules

- Net Investment Income Tax: \$42,657
- Total other payments or refundable credits: \$1,072
- State and Local Taxes: \$10,000
- Home Mortgage Interest: \$18,077
- Gifts to Charity: \$2,000

- Total Itemized Deductions: \$30,077
- Interest Income: \$7,748
- Dividend Income: \$67,192
- Net Capital Gain or (Loss): \$1,057,621

## State Tax Summary for 2023 - California

### Personal Information

- Filing Status: Single

### Income

- Total State Wages: \$581,786
- State Adjusted Gross Income: \$1,716,629
- Taxable Income: \$1,710,004

### Tax

- Tax: \$199,420
- State Income Tax Withheld: \$142,301
- Refund: \$0

## Review Checklist

Category	Question	Response	Tax Planning Suggestion
Demographics, dependents, and filing status	What is the client's filing status?	Single	Consider reviewing the benefits of filing as head of household if applicable in future years.
Demographics, dependents, and filing status	Does the client have dependents?	No	Consider potential tax benefits of claiming dependents if applicable in the future.
Demographics, dependents, and filing status	Does the client have basic estate planning documents prepared?	Not provided in document	Ensure estate planning documents are up-to-date to reflect current wishes.

Demographics, dependents, and filing status	Has the client considered gift and estate planning opportunities for his or her dependents?	Not provided in document	Explore gift and estate planning strategies to minimize tax liabilities.
Demographics, dependents, and filing status	Does the occupation indicate special coverage needs?	Not provided in document	Review occupation-related benefits and coverage needs.
Demographics, dependents, and filing status	Recommend a global beneficiary designation check.	Not provided in document	Regularly review and update beneficiary designations on all accounts.
W-2 income	Are there any income deferral opportunities available through the employer?	Not provided in document	Explore deferral options such as 401(k) contributions to reduce taxable income.
W-2 income	Discuss benefits of 83(b) elections, if applicable.	Not provided in document	Consider 83(b) elections for stock options to potentially reduce future tax liabilities.
W-2 income	Discuss benefits of exercising stock options in one year or another (prepare income tax projections).	Not provided in document	Evaluate timing of stock option exercises to optimize tax outcomes.
W-2 income	Review insurance premiums reported on the W-2.	Not provided in document	Ensure insurance premiums are accurately reported and consider tax implications.

W-2 income	Review Social Security taxes.	Not provided in document	Verify Social Security taxes are correctly withheld and consider implications for retirement planning.
Additional income/adjustments	Does the client have any retirement plan distributions?	Yes, IRA distributions	Consider strategies to minimize tax impact of distributions, such as Roth conversions.
Additional income/adjustments	Does the client have income from a retirement plan held with former employers?	Not provided in document	Review potential rollover options to consolidate retirement accounts.
Additional income/adjustments	Does the client have Social Security income? Consider whether any of the Social Security income-maximizing strategies might apply.	No	Plan for future Social Security benefits and consider strategies to maximize them.
Additional income/adjustments	Did the client retire early? If income will be lower, should you consider Roth conversions?	Not provided in document	Evaluate Roth conversion opportunities if income is expected to be lower in retirement.
Schedule B	What are the sources of the client's interest income?	Synchrony Bank, TD Ameritrade Clearing, Inc., NATIONAL FINANCIAL SERVICES, LLC, IRS	Consider tax-efficient investment strategies to manage interest income.
Schedule B	What are the sources of the	TD Ameritrade Clearing, Inc.,	Explore dividend reinvestment plans

	client's dividend income?	NATIONAL FINANCIAL SERVICES, LLC	and tax-efficient investment options.
Schedule B	Consider other planning opportunities.	Not provided in document	Review investment portfolio for tax efficiency and diversification opportunities.
Self-employment income	Does the client have Schedule C income?	No	Consider potential self-employment opportunities and related tax benefits.
Self-employment income	Is your client an S corporation shareholder with ownership of more than 2% of the company stock?	Not provided in document	Review S corporation tax implications and potential planning strategies.
Schedule D	Does the client have capital gains and losses reported on Schedule D?	Yes	Consider tax-loss harvesting strategies to offset capital gains.
Schedule E	Is there income flowing through from an LLC, S corporation or partnership to Schedule E?	Not provided in document	Evaluate pass-through income for potential tax planning opportunities.
Schedule E	Are there rental real estate properties being reported on Schedule E?	Not provided in document	Review rental property income and expenses for tax efficiency.
Schedule E	Is there income flowing through from a trust?	Not provided in document	Consider trust income distribution strategies to minimize tax impact.

Schedule E	Consider other planning opportunities.	Not provided in document	Explore additional income sources and related tax planning strategies.
Itemized deductions	Does the client have substantial charitable contributions?	Yes, \$2,000	Consider bunching charitable contributions to maximize tax benefits.
Itemized deductions	Does the client have a significant state tax deduction?	Yes, \$10,000	Review state tax payments for potential prepayment strategies.
Itemized deductions	Are there substantial medical expenses being deducted?	No	Evaluate potential medical expense deductions if applicable in future years.
Itemized deductions	Does the client have an interest expense that is being deducted?	Yes, \$18,077	Consider refinancing options to reduce interest expenses.
AMT	Is the client in AMT or have they been in the past?	Not provided in document	Monitor AMT exposure and consider strategies to minimize impact.
Credits	Consider the education credit alternatives.	Not provided in document	Explore education credits if applicable for future education expenses.
Credits	Consider the available energy credits.	Yes, \$1,072	Evaluate additional energy-efficient home improvements for potential credits.

Credits	If the client has foreign tax credits that are carrying over, even if small, consider deductibility on Schedule A vs. Form 1116.	Not provided in document	Review foreign tax credit utilization strategies.
State tax	Review the client's state tax situation.	California, balance due \$6,087	Consider estimated tax payments to avoid underpayment penalties.
Other considerations	Always consider multi-year planning opportunities and potential future tax-rate changes.	Not provided in document	Develop a long-term tax strategy considering potential rate changes.
Other considerations	Discuss future income and deduction items within the client's control that may be able to be timed to result in a more favorable long-term tax liability.	Not provided in document	Plan for timing of income and deductions to optimize tax outcomes.
Other considerations	Consider how recent or proposed legislation or regulatory action may impact strategies.	Not provided in document	Stay informed on legislative changes that may affect tax planning strategies.

## Tax Return Notes

High Income Level and Tax Liability Observation: Your adjusted gross income (AGI) for 2023 is approximately \$1.72 million, with a taxable income of about \$1.69 million. Your total federal tax liability amounts to \$447,921.

**Strategy:** Given your high income, exploring strategies to minimize taxable income is crucial. Consider maximizing contributions to tax-advantaged retirement accounts such as a 401(k) or SEP IRA if applicable. Be aware of contribution limits and income thresholds that may affect eligibility.

### Substantial Capital Gains

**Observation:** You realized significant capital gains totaling over \$1 million, primarily from the sale of stocks in companies like Apple Inc. and NVIDIA Corporation.

**Strategy:** Implement tax-efficient investment strategies to manage capital gains. Holding investments for more than one year qualifies them for long-term capital gains rates, which are lower than short-term rates. Additionally, consider tax-loss harvesting by selling underperforming investments to offset gains.

### Net Investment Income Tax (NIIT)

**Observation:** You are subject to the 3.8% Net Investment Income Tax, resulting in an additional tax of approximately \$42,657 on your investment income.

**Strategy:** To mitigate NIIT, explore investments that generate tax-exempt income, such as municipal bonds. Also, consider deferring investment income or utilizing tax-deferred accounts to reduce net investment income in high-income years.

### Additional Medicare Tax

**Observation:** An Additional Medicare Tax of \$3,407 was assessed on your wages exceeding \$200,000.

**Strategy:** While this tax is unavoidable at high income levels, ensure accurate withholding to prevent underpayment penalties. You may adjust your W-4 withholdings or make estimated tax payments to cover this additional tax liability.

### Itemized Deductions and SALT Limitation

**Observation:** Your itemized deductions total \$30,077, including state and local taxes (SALT), which are capped at \$10,000 due to the Tax Cuts and Jobs Act.

**Strategy:** Investigate if California offers a SALT cap workaround, such as an elective pass-through entity tax that allows state taxes to be deducted at the entity level.



Additionally, consider bunching charitable contributions or prepaying deductible expenses where possible to maximize itemized deductions.

### Charitable Contributions

**Observation:** You made non-cash charitable donations, claiming deductions on Form 8283 for contributions to organizations like Goodwill.

**Strategy:** Enhance your charitable giving strategy by donating appreciated securities, which can provide a fair market value deduction without incurring capital gains tax. Establishing a donor-advised fund may also allow you to time your deductions advantageously.

### Energy Efficiency Credits

**Observation:** You claimed the Energy Efficient Home Improvement Credit for qualified energy efficiency improvements to your residence.

**Strategy:** Continue exploring energy-related tax credits by investing in renewable energy sources like solar panels, which may qualify for the Residential Clean Energy Credit. These investments not only reduce tax liability but also lower long-term energy costs.

### Retirement Planning

**Observation:** High-income levels may limit your ability to contribute directly to Roth IRAs or deduct traditional IRA contributions.

**Strategy:** Consider utilizing a Backdoor Roth IRA strategy by making nondeductible contributions to a traditional IRA and converting them to a Roth IRA. Ensure compliance with IRS rules to avoid unintended tax consequences. Additionally, maximize contributions to employer-sponsored retirement plans.

### Estimated Tax Payments

**Observation:** Despite significant estimated tax payments totaling \$289,643, you have a remaining balance due of \$37,050.

**Strategy:** Reevaluate your estimated tax payment calculations to align with your actual tax liability. Using the annualized income installment method may help if your income fluctuates throughout the year. Timely adjustments can prevent underpayment penalties.

### Investment Strategy Review

Observation: Your investment income significantly impacts your overall tax liability.  
Strategy: Regularly review your investment portfolio with a focus on tax efficiency. Utilizing tax-managed funds, considering asset location strategies, and balancing investments between taxable and tax-advantaged accounts can optimize after-tax returns.

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#### Qualified Business Income Deduction (QBI D)

Observation: You claimed a small Qualified Business Income Deduction of \$397.  
Strategy: If you have pass-through business income, explore ways to maximize the QBI D. This could involve aggregating businesses or adjusting W-2 wages and qualified property amounts. Consult with a tax professional to navigate complex eligibility rules.

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#### Alternative Minimum Tax (AMT)

Observation: You are not currently subject to the Alternative Minimum Tax.  
Strategy: Monitor potential triggers for AMT in future years, especially if you exercise incentive stock options or have substantial deductions that could make you susceptible. Planning can help mitigate unexpected AMT liability.

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#### Health Savings Account (HSA) Opportunities

Observation: There are no contributions to an HSA reported.  
Strategy: If enrolled in a high-deductible health plan (HDHP), contributing to an HSA can

provide a triple tax advantage: contributions are deductible, growth is tax-free, and withdrawals for qualified medical expenses are tax-free.

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#### Estate and Gift Tax Considerations

Observation: Your wealth level may have estate tax implications.

Strategy: Engage in estate planning strategies to reduce potential estate taxes. This may include making annual exclusion gifts, establishing trusts, or utilizing lifetime gift and estate tax exemptions thoughtfully.

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#### Underpayment Penalties

Observation: There may be exposure to underpayment penalties due to discrepancies between estimated payments and actual tax owed.

Strategy: Ensure that estimated tax payments or withholdings meet safe harbor requirements—either 90% of the current year's tax liability or 110% of the prior year's liability—to minimize or eliminate penalties.

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#### Stay Informed on Tax Law Changes

Observation: Tax laws are subject to change, which can affect deductions, credits, and tax rates.

Strategy: Keep abreast of legislative developments that may impact your tax situation. Regular consultations with a tax advisor can help you adapt your strategies proactively.

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### Professional Tax Planning

Observation: The complexity of your tax situation warrants detailed professional guidance. Strategy: Consider engaging with a certified public accountant (CPA) or tax attorney specializing in high-net-worth individuals. Professional advice can help optimize your tax posture and ensure compliance with evolving tax regulations.

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By implementing these strategies, you can effectively manage your tax liability, optimize your financial planning, and ensure that you are making the most of available tax benefits relevant to your situation.

### **Disclaimer**

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