

# Financial, Legal & Tax Advisory

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## Protect Your Assets and Reduce Your Taxes

There has never been a better time than now to have a discussion on how to create the best Asset Protection for your business and how to reduce the Tax Liability that your business is exposed to, as well as to what you are exposed to individually. The House Ways and Means Committee continues to forge forward with their effort on tax reform. In July, they held a hearing with several small business owners testifying as to the effects of the current complicated tax code, and how the new proposals put forth by a Subcommittee as well as by the White House would help to encourage investment across the Country.

Asset Protection and Tax Liability can somewhat go hand in hand, and in order to achieve one, the other has to be properly structured. One of the newest methods for Asset Protection gaining steam across the country is the advent of the Series Limited Liability Company. While not all States have created these legal structures yet, some have, and the number grows each year. And even if your business is located in a State that does not have a Series Limited Liability Company, it is very possible that they will allow one that is registered in another State to be filed as a foreign entity in the State in which you are located. Take Florida for example, Florida recently revised their Limited Liability Company Statute, and while they do not currently have a Florida Series Limited Liability Company, they expressly provided for the benefits and protections of them if they are filed as foreign entity.

So what is a Series Limited Liability Company and how does it help a business create Asset Protection?

A Series Limited Liability Company is a Limited Liability Company that has elected to create multiple divisions (series) that will operate within the company. Each division

is allowed to own its own assets and have its own liabilities. The liabilities of one division do not cross over to another division. So for example, if you have a company that has machinery and equipment, you can create a Series that owns the machinery, and you can create a separate Series that owns the equipment, yet you still only have one company! The benefit is that you have divided up any liabilities between the two categories of assets, protected them from each other, yet you have the simplicity of still only dealing with one company. This is just one of the many benefits that can be associated with this type of new corporate structure, and when we discuss Asset Protection there are many other good legal vehicles to utilize, such as Irrevocable Trusts, Holding Companies, Etc.

Moving on to reducing your tax liability, with the changes that are on the horizon in the tax code, it is increasingly important to understand the business taxation that you currently are experiencing and if your choice of entity selection will be the best going forward. For example, the House subcommittee is proposing to lower the S Corporation tax rate to a flat 25%. That may help someone who is in a high individual tax bracket, but could hurt a small business owner who is in a lower individual income tax bracket. Thus a proper analysis of your current tax structure becomes very important when looking at the tax liability of your company, and determining whether you need to consider changing its tax status.

The Center routinely advises on these matters, as well as business succession, business valuations, tax planning and estate planning. If you have questions, please call us at 618-997-3436 or visit us at [www.taxplanning.com](http://www.taxplanning.com).

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**Basi, Basi & Associates at The Center for Financial, Legal & Tax Planning, Inc.**

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# ◆ 5 TIPS ◆

TO PROTECT YOUR ASSETS  
& REDUCE YOUR TAXES

**Tuesday, Sept 26**  
**@ 11:00 AM CST**

