Garrett & Associates CPA

35 Smart Investment Tax Strategies to Potentially Save You $100,000+

Updated for 2025 and the One Big Beautiful Bill Act (OBBBA)

Use this as an idea menu. Actual savings depend on income, entity type, state, and timing.

A) High-Impact Moves Influenced by OBBBA

1. **100% Bonus Depreciation Is Back**
   Immediately expense eligible equipment, vehicles, furniture, and certain building components you place in service—front-loading deductions when your income is high. *OBBBA restored 100% bonus depreciation.*

2. **Section 179 Expensing—Higher Limits**
   Elect to expense qualifying assets (including some improvements) up to the new higher cap, then layer with bonus depreciation for outsized first-year write-offs. *OBBBA modestly expanded thresholds.*

3. **Full Expensing for U.S. R&D (New §174A)**
   Deduct domestic research/software costs in the year paid instead of amortizing. Pair with the R&D credit for a one-two punch. *OBBBA created §174A.*

4. **Preserved 20% QBI (§199A) Deduction**
   Optimize W-2 wages vs. business income, and consider entity restructuring to maximize the pass-through deduction. *OBBBA made §199A permanent with updated phase-ins.*

5. **Qualified Production Property (QPP) Expensing**
   For certain domestic production/manufacturing property, plan capex to claim immediate deductions under new expensing rules. *OBBBA added new expensing category.*

6. **Opportunity Zones 2.0 (Permanent)**
   Roll capital gains into Qualified Opportunity Funds for deferral and potential tax-free growth after 10+ years; new rural and transparency rules expand options. *OBBBA made OZs permanent with revisions.*

7. **QSBS (§1202) Enhancements**
   Founders and early investors: structure C-corps and stock grants to capture larger/tiered exclusion, with potential benefits on exits earlier than 5 years under new rules. *OBBBA expanded QSBS.*

8. **SALT Deduction Cap Increased**
   For high-tax states, model itemizing vs. standard deduction and coordinate with entity-level SALT workarounds. *OBBBA raised the SALT cap.*

B) Portfolio & Capital Gains Tactics

9. **Bracket Management & Capital Gain Stacking**
   Fill lower brackets with long-term gains in low-income years; defer in peak years.
10. **Tax-Loss Harvesting (TLH)**
    Bank capital losses to offset present and future gains; avoid wash sales with appropriate substitutes.
11. **Asset Location**
    Place tax-inefficient assets (bonds/REITs) in tax-deferred accounts and tax-efficient/qualified dividend assets in taxable accounts.
12. **Qualified Dividend Holding Period**
    Meet the 60/90-day holding period to lock in lower qualified dividend rates.
13. **Installment Sales**
    Spread large gains across years to control brackets, NIIT exposure, and Medicare surtaxes.
14. **Gain Timing vs. Deductions**
    Bunch deductions (charity, property taxes, medical) into gain years to net down taxable income.
15. **Like-Kind Exchanges (§1031)**
    Defer real estate gains via exchanges; consider partial boot planning and basis step-up strategies.
16. **Section 1045 QSBS Rollovers**
    Reinvest QSBS proceeds into new QSBS within 60 days to defer gains when an outright exclusion isn't available.
17. **Professional Investor Elections (Mark-to-Market)**
    For traders, evaluate §475(f) to convert capital to ordinary (deductible) losses and avoid wash sales.

C) Business & Real Estate Accelerators

18. **Cost Segregation + Bonus**
    Reclassify building components to shorter lives to supercharge depreciation—often six-figure savings on $1M+ properties.
19. **Qualified Improvement Property (QIP)**
    Interior non-structural improvements may be bonus-eligible—time renovations for deduction acceleration.
20. **Short-Term Rental (STR) Material Participation**
    If you materially participate, rental losses may be non-passive and can offset W-2/active income.

21. **Real Estate Professional Status (REPS)**
    Qualify to treat rental losses as non-passive; pair with cost seg for major offsets.

22. **Entity Right-Sizing (S-Corp/LLC/C-Corp)**
    Coordinate owner pay, distributions, and fringe benefits to optimize QBI, payroll taxes, and retirement contributions.

23. **Business Interest Limitation Planning**
    Model EBITDA/ATI rules before financing; consider elections or method changes to preserve deductions.

24. **Accounting Method Changes**
    Adopt methods (e.g., cash, UNICAP relief, de minimis safe harbor) that accelerate deductions and defer income.

25. **Home Office, Auto, and Travel Policies**
    Written substantiation = deductible dollars. Align mileage vs. actual, accountable plans, and per diems.

26. **Insurance & Risk Deductibles**
    Reshop coverage and right-size deductibles; consider a captive feasibility study for larger enterprises.

D) Charitable & Legacy Plays

27. **Donor-Advised Fund (DAF) "Bunching"**
    Front-load several years of giving into a high-income year; donate appreciated stock for double tax benefit.

28. **Charitable Remainder Trust (CRT)**
    Sell concentrated/low-basis assets inside a CRT to defer gains and create lifetime income.

29. **Charitable Lead Annuity Trust (CLAT)**
    Shift growth to heirs while meeting philanthropic goals—powerful in high-rate environments.

30. **Qualified Charitable Distributions (QCDs)**
    Direct IRA gifts at age 70½+ to reduce AGI and satisfy RMDs tax-efficiently.

31. **Family Gifting & Freezes**
    Use the annual exclusion, GRATs, sales to IDGTs, and valuation discounts to shift appreciation out of the estate. *Coordinate with OBBBA-era estate exemption levels.*

E) Retirement, Equity & Compensation

32. **Roth Conversions with Precision**
    Convert in low-income years, manage IRMAA thresholds, and fill target brackets.
33. **Cash Balance/Defined Benefit + 401(k) Combo**
    Super-charge deductions by layering a DB plan with a safe-harbor 401(k). Great for high-margin firms.
34. **83(b) Elections & Early ISO Exercises**
    Start the capital gains clock early and avoid AMT surprises; coordinate with QSBS planning.
35. **Executive Compensation Design**
    Optimize RSUs vs. ISOs/NSOs, §83(i) deferrals (if available), NQDC plans, and employer HSA/HRA strategies.

Putting It Together: Fast $100k+ Scenarios (Illustrative)

- **$2.5M Rental Purchase with Cost Seg + Bonus:** $500k–$900k first-year deductions → six-figure federal + state tax savings for high-bracket filers.
- **Manufacturing Capex $1.2M + §179 + 100% Bonus:** Full write-off in year 1; pair with QBI for additional 20% deduction where eligible.
- **Founder Exit with Enhanced QSBS:** Partial/expanded exclusion under new §1202 rules can shelter millions of gain when structured early.

Compliance Note: Some strategies (e.g., conservation easements, captives, OZs) require strict adherence to rules. We refer out to specialists in the fields.

Your Next Steps

1. Share your last 3 years of returns, YTD financials, and a list of major assets/investments.
2. We'll run a **Tax Strategy Model** to rank the top savings moves (benefit, risk, cash impact).
3. We'll implement a 90-day action plan and document results.

www.cpagarrett.com ***(951) 679-2610*** ***ugarrett@cpagarrett.com***