



FiveStone

TAX ADVISERS



2026 Tax Savings Plan

ACTUAL CLIENT - CASE STUDY

What's in the plan

- Disclaimer

- Year-over-year comparison

- Your top tax-saving strategies

- How to get your maximum tax savings

- More about your strategies

- Quarterly estimated tax payments



Disclaimer

All tax planning, strategies, advice and recommendations in this plan are based on the taxpayer's available tax return data, information disclosed to us, and current tax law. Tax laws can and do change frequently. Federal, state, local, payroll, property and other taxes often overlap and involve complexities that rarely yield a single best strategy. Effective tax planning is a lifelong process. It requires regular updates to review the taxpayer's goals, life changes, investments, businesses, changes in income, pre-tax opportunities, retirement planning, state and local taxation, and more.

Tax projections and recommendations include assumptions and should not be viewed as guarantees. The actual results will vary from projections. The actual tax savings will vary from the estimated tax savings. These plans and projections are only a guide, not a promise. These plans are generated using services provided by Intuit and provided without warranty of any kind, express or implied. While effort has been made to ensure accuracy, Intuit won't accept responsibility for any errors or omissions, or for any consequences arising from use of the services.



Disclaimer (continued)

Tax planning is a team exercise. Many of the tax savings estimated in this plan are dependent upon taxpayers completing certain action items. If taxpayers fail to take necessary actions, the tax strategies may not yield the estimated benefit. Success is also dependent upon regular communication about changes in the taxpayer's circumstances to our firm, so we can evaluate the impact of changes on the taxpayer's tax plan.

In addition to the taxpayers and our firm, planning often includes financial planners, insurance agents, and attorneys. We do not assume responsibility for the advice of any additional professionals.

Third-party links provided in the report serve as a convenience and for informational purposes only, we accept no responsibility for the accuracy, legality, or content on these sites.

We have no obligation to update this tax plan.

2026 projection

2026 no action

Total income	Taxable income
\$903,096	\$866,644

	Total taxes	Refund
Federal	\$225,315	\$108,408
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	Total taxes	Refund
State*	\$225,315	\$108,408

2026 with strategies

Total income	Taxable income
\$691,729	\$655,277

	Total taxes	Refund
Federal	\$150,829	\$182,894
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	Total taxes	Refund
State*	\$0	\$0

Strategy tax savings \$96,568

* State taxes are subject to change due to tax rule or rate adjustments

Year-over-year

2024 tax summary

Total income	Taxable income
\$903,096	\$866,644

	Total taxes	Refund
Federal	\$229,399	\$2,320
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	Total taxes	Refund
State*	\$0	\$0

2026 with strategies

Total income	Taxable income
\$691,729	\$655,277

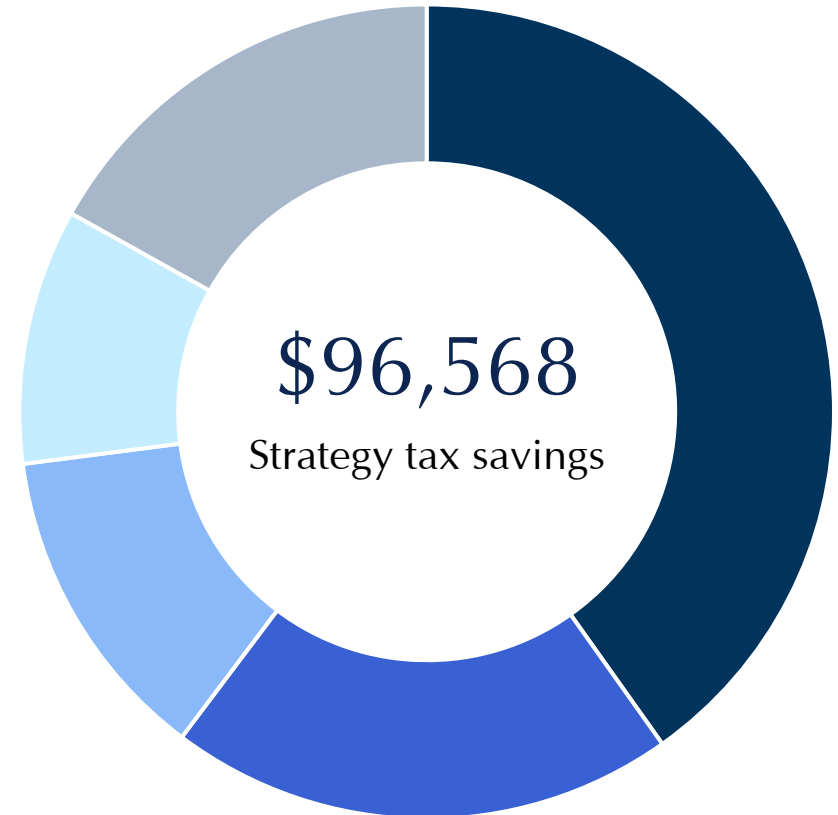
	Total taxes	Refund
Federal	\$150,829	\$182,894
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State*	\$0	\$0

Strategy tax savings \$96,568

* State taxes are subject to change due to tax rule or rate adjustments

Your top tax-saving strategies for 2026

	Car Wash Investment Strategy 1040 Return	NEW	\$38,800
	Oil & Gas Investment 1040 Return	NEW	\$19,400
	Cost segregation study 1100 Calistoga (T)	NEW	\$12,250
	Augusta rule - tax free rental income Tax-free income (T)	NEW	\$9,800
	Other strategies		\$16,318



Your other strategies breakdown

■ Other strategies		\$16,318
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• Tax loss harvesting (long-term) Capital Loss (T)	NEW	\$8,000
• 401(k) employee (EE) contributions APPLE INC (T)		\$5,728
• 263(a) - Startup expense Packaging Development & Consulting (T)	NEW	\$1,750
• 401(k) employer (ER) matching contributions APPLE INC (T)		\$840



How to get your maximum tax savings

Strategy	Strategy change	Net out-of-pocket	Tax savings
Car Wash Investment Strategy 1040 Return	\$100,000	\$12,000	\$38,800
Oil & Gas Investment 1040 Return	\$50,000	\$30,600	\$19,400
Cost segregation study 1100 Calistoga (T)	\$35,000	\$0	\$12,250
Augusta rule - tax free rental income Tax-free income (T)	\$28,000	\$0	\$9,800
Tax loss harvesting (long-term) Capital Loss (T)	\$40,000	\$0	\$8,000
401(k) employee (EE) contributions APPLE INC (T)	\$16,367	\$10,639	\$5,728
263(a) - Startup expense Packaging Development & Consulting (T)	See page 17 for details \$5,000*	\$3,250	\$1,750
401(k) employer (ER) matching contributions APPLE INC (T)	\$2,400	\$0	\$840

More about
your strategies



Augusta rule - tax free rental income

The Augusta rule allows a taxpayer to receive tax free rental income received on qualifying property, if the property was rented for less than 15 days.

The Masters Rule: A Guide for Homeowners

What is The Masters Rule?

Who Should Use the Augusta Rule, and When?

The Augusta Rule, a provision within IRS Section 280A(g), allows homeowners to rent out their property for up to 14 days per year without having to report the rental income on their federal tax return.

How to get started:

- ✓ Check local ordinances and HOA rules regarding short-term rentals.
- ✓ List home for rent. Rent must be in line with the market.
- ✓ Rental agreement must be in writing.
- ✓ Total days rented must be fewer than 15 days during the tax year. Even one day over will cause all rental income to be taxable, not just the rent received for days in excess of 14 days.

2026 Strategy tax savings

\$9,800

Oil & Gas Investment

Investing in an oil and gas partnership as a general partner (GP) lets you deduct a large portion of your investment against ordinary income right away.

This strategy involves becoming a GP in an oil/gas partnership, which often generates intangible drilling costs (IDCs) and other deductions. Typically, you can deduct about 75% in year 1 and the remaining 25% in year 2, reducing your taxable income significantly.

This strategy provides strong upfront tax relief on ordinary income while offering potential long-term returns from energy production.

How to get started:

2026 Strategy tax savings

\$19,400

401(k) employer (ER) matching contributions

Employers can make matching and nonmatching contributions to a sponsored 401(k) plan on behalf of their employee, even if the worker has already maxed out their contributions. Employer matching contributions are like free money, and aren't subject to Social Security, Medicare, or income taxes. Make sure your client is contributing enough to get the most out of their employer's matching program. This amount isn't reported on the W-2 but can usually be found on paystubs.

401k Contribution Limits for 2025 Explained: Changes, Rules, and Benefits

It's time for payroll administrators to get up to date on 401(k) maximum match limits for 2025

IRS Announces 401(k) Contribution Limit for 2024

Employees will be able to sock away more money into their 401(k)s next year.

How to get started:

- ✓ Confirm taxpayers are contributing enough to maximize their employer matching contributions.
- ✓ Conduct an annual employer benefit review and document each taxpayer's employer benefits, including 401(k) contribution limits, employer matching benefits, Roth and after-tax contribution options, in-plan conversion options, and investment options.
- ✓ Document the taxpayer's retirement goals, including age or date planned, savings goals, retirement income sources and amounts.

2026 Strategy tax savings

\$840

401(k) employee (EE) contributions

Contributing to employer-sponsored plans like a 401(k) is a triple benefit, including **1)** reducing taxable income by the amount of contributions, which reduces income taxes by your marginal rate, **2)** the savings grow tax-free until withdrawn and **3)** many plans offer employer matching contributions, which is like earning free money just by saving. Employee contributions are reported on W-2, Box 12, code D. Employee pre-tax contributions lower taxable income, and the tax savings are calculated using the applicable federal and state tax rates, unless changed.

401(k) contribution limits for 2023, 2024, and 2025

Get to know how much you can save in your 401(k).

What is the 'super' 401(k) catch-up contribution for older workers?

Employees in their early 60s can contribute several thousand dollars more to their 401(k) retirement plan starting next year thanks to a recent change in tax law.

How to get started:

- ✓ Adjust 401(k) paycheck deductions through your employer to match your planned contributions.
- ✓ Review and document your plan's details like contribution limits, employer matching offers, Roth and after-tax contribution options, in-plan conversion options, and investment options.

2026 Strategy tax savings

\$5,728

Tax loss harvesting (long-term)

Tax loss harvesting allows taxpayers to sell some long-term investments at a loss to offset their capital gains to lower their taxes and rebalance their portfolios with the proceeds received. To claim the capital loss, the investments have to be sold before the calendar year ends. The proceeds from these investments sold at a loss can then be reinvested to rebalance their portfolio.

3 Benefits of Tax Loss Harvesting for Small Business Owners

Tax loss harvesting is a strategy uniquely suited to small business owners, especially those who are contemplating selling their business in the near future.

Tax-Loss Harvesting: Turn Investment Losses Into Tax Breaks

If you had a few investments go south this year, those underachievers may come in handy when it's time to reconcile with the IRS.

Can Tax Loss Harvesting Improve Your Investing Returns?

Tax loss harvesting is an investing strategy that can turn a portion of your investment losses into tax offsets, helping turn financial losses into wins.

How to get started:

- ✓ Identify the long-term capital assets that will not recover its cost value.

2026 Strategy tax savings

\$8,000

Car Wash Investment Strategy

Car wash investments allow taxpayers to deduct costs associated with owning and operating a car wash business, often through accelerated depreciation and active participation rules. This strategy involves investing in a car wash facility, where active involvement lets you claim enhanced deductions, potentially doubling your write-off in year one while generating steady cash flow.

Car washes are a stable business with low overhead, offering tax breaks like bonus depreciation and passive income potential. A car wash investment is a real estate and business venture that provides upfront tax deductions and about 10% annual cash returns through operations.

How to get started:

2026 Strategy tax savings

\$38,800

Cost segregation study

A cost segregation study is a report created by engineering and/or accounting specialists to identify and reclassify personal property assets that are part of real property for the purpose of shortening depreciation time and improving cash flow.

How A Cost Segregation Study Can Reduce Taxes And Increase Cash Flow

Cost Segregation studies can reduce taxable income considerably through effective asset depreciation.

Application for Change in Accounting Method

File Form 3115 to request a change in either an overall method of accounting or the accounting treatment of any item.

How to depreciate property

This publication explains how you can recover the cost of business or income-producing property through deductions for depreciation.

What is a Cost Segregation Study?

A cost segregation study can be a powerful way to maximize depreciation deductions and minimize the tax burden for commercial property owners who acquire or develop real estate.

How to get started:

- ✓ Find and hire a reputable firm to do a cost segregation study.
- ✓ File Form 3115 to change the depreciation method.

2026 Strategy tax savings

\$12,250

263(a) - Startup expense

A taxpayer can amortize intangible startup expenses in the tax year in which it has begun operations.

Calculating Section 263a

Section 263a is one of the more difficult sections of the US tax code, but a basic overview of the calculation process runs thusly:

Deductible Start-Up Costs and Web-Based Businesses

It's costly to start a business. Are the start-up costs deductible?

How to get started:

- ✓ Document expenses prior to the beginning of the start of business.

2026 Strategy tax savings

\$1,750

Quarterly Estimated Payments



2026 Federal estimated tax payment plan

	Projection	Payment	Status
Total income	\$691,729		
Federal tax liability	\$150,829		
Total withholding	\$150,336		
Q1 Payment	\$0	\$25,501	Due 04/15/2026
Q2 Payment	\$0	\$25,501	Due 06/15/2026
Q3 Payment	\$0	\$25,501	Due 09/15/2026
Q4 Payment	\$0	\$25,501	Due 01/15/2027
Q1 Additional Payment		\$81,383	
Underpayment penalty	\$0		
Remaining tax due	-\$183,387		IRS.gov payment site



Stop leaving money on the table

Every year without a tax plan is a year the IRS wins. The average Five Stone client saves five times their planning fee. Most have no idea how much they've been overpaying — until we show them.

BEGIN YOUR TAX PLANNING CONVERSATION

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