

HMA

HIDDEN MARKETING ASSETS

University

INTERVIEW SERIES

**Seven Facts Your Clients Should
Know About A Nevada Corporation**

Michael Senoff Interviews Nevada Corp Expert

 Michael Senoff's
HardToFind Seminars.com

Dear Student,

I'm Michael Senoff, founder and CEO of HardToFindSeminars.com.

For the last five years, I've interviewed the world's best business and marketing minds.

And along the way, I've created a successful home-based publishing business all from my two-car garage.

When my first child was born, he was very sick, and it was then that I knew I had to have a business that I could operate from home.

Now, my challenge is to build the world's largest free resource for online, downloadable audio business interviews.

I knew that I needed a site that contained strategies, solutions, and inside information to help you operate more efficiently

I've learned a lot in the last five years, and today I'm going to show you the skills that you need to survive.

It is my mission, to assist those that are very busy with their careers

And to really make my site different from every other audio content site on the web, I have decided to give you access to this information in a downloadable format.

Now, let's get going.

Michael Senoff

Michael Senoff

Founder & CEO: www.hardtofindseminars.com

Copyright Notices

Copyright © MMVII - © MMVIII by JS&M Sales & Marketing Inc

No part of this publication may be reproduced or transmitted in any form or by any means, mechanical or electronic, including photocopying and recording, or by any information storage and retrieval system, without permission in writing from the Publisher. Requests for permission or further information should be addressed to the Publishers.

Published by:

Michael Senoff
JS&M Sales & Marketing Inc.
4735 Claremont Sq. #361
San Diego, CA 92117
858-234-7851 Office
858-274-2579 Fax
Michael@michaelsenoff.com
<http://www.hardtfindseminars.com>

Legal Notices: While all attempts have been made to verify information provided in this publication, neither the Author nor the Publisher assumes any responsibility for errors, omissions, or contrary interpretation of the subject matter herein.

This publication is not intended for use as a source of legal or accounting advice. The Publisher wants to stress that the information contained herein may be subject to varying state and/or local laws or regulations. All users are advised to retain competent counsel to determine what state and/or local laws or regulations may apply to the user's particular situation or application of this information.

The purchaser or reader of this publication assumes complete and total responsibility for the use of these materials and information. The Author and Publisher assume no responsibility or liability whatsoever on the behalf of any purchaser or reader of these materials, or the application or non-application of the information contained herein. We do not guarantee any results you may or may not experience as a result of following the recommendations or suggestions contained herein. You must test everything for yourself.

Any perceived slights of specific people or organizations is unintentional.

Seven Facts You Should Know About A Nevada Corporation

This recording is for US based business owners. Learn how to Incorporate your consulting business in Nevada. This 45 minute recording will give you some of the best advice available about incorporating your business in Nevada. It's from one of the country's most prominent Nevada business advisors. You will learn how to protect yourself and your assets against lawsuits, and the essential components necessary to build an effective wealth-maximization strategy for your business. It's an easy listen, informative, and will save your business both time and money. Learn how to keep your consulting business on the path to success. You'll learn how a Nevada corporation can give you more privacy, greater asset and lawsuit protection, lower taxes, nominal up-front capital, minimal filing requirements, and business ethics policy. Do a search on google for these services and you'll find hundreds of them that can set this up for you. If you want the one I recommend you use, send me and e-mail to Michael@MichaelSenoff.com and I'll give you the number of my corporate consultant. Enjoy

Intro You know, if you're not incorporated today, one little lawsuit can go right through all your business assets and all your personal assets, and that can be devastating. Don't put yourself in that position. Find out why you should incorporate today. Find out how easy and simple it is to incorporate, and hopefully by the end of this program, you'll know that it is time for you to make a decision about incorporating in Nevada.

Music

In the next forty-five minutes, you're going to hear a recording on how to protect your personal assets by setting up your business as a Nevada corporation. This recording's going to give you some fundamental reasons why setting up a corporation is important and how you'll benefit. Enjoy!

Hello, and welcome to this program. We represent and form Nevada corporations for people all around the United States and all around the world. But, before I get into this, I want to digress a little bit.

Here's a **quick** and **easy** way you can get into the marketing consulting business. Work part time from home. Help businesses make more money. Listen to hours of free interviews, case studies and how to consultant training at <http://www.hardtofindseminars.com/AudioclipsH.htm>

My business history actually goes back to 1901 when my great-great uncle came from the United States from Scotland and started a company called Christy Lithograph and Printing Company. And, this organization is still in business today actually run by my sister back in Minnesota.

But, it was that business where I really got a sense about what business was all about. I understood what it meant to become an entrepreneur. I understood what the issues were in dealing with the business life on a day to day basis where my parents would come home and talk about employee problems, contract problems that they had or just situations in trying to develop their business and make it stronger and more successful, and really keep the doors open on a day to day basis.

From this experience, I've been able to relate that and educate and teach people about what makes businesses successful, and most importantly why you need a firm foundation when you're starting your business or if you've already got a business, why you should look at a corporate structure to take advantage of all the things that corporations can offer you in your business life.

When I started off working with my parents business, I was sweeping floors and making deliveries for them, and just kind of getting a sense of what it meant to be in business today. I got a lot of unique opportunities that many people weren't afforded at a young age. So, when I broke-off and got out of the university and decided I wanted to get out there and do something on my own, I'd left the family business

and decided I wasn't going to go into that because I understood the entrepreneur spirit. I wanted to develop things on my own.

So, I started doing some business consulting for some clients in California, and I got a sense of business on the other side of what it took to actually consult someone and show them how to market their business properly and how to set up operations internally. After a while, I really got a sense from dealing with many clients of who was going to be successful and who wasn't. And, one of the things that we always did when we were working with this clients is we established foundation for them. What ended up happening is I had a client come to me and say, "You know what? You've got to look at these Nevada corporations. They're one of the greatest things. You can actually set up a base in Nevada and live anywhere you want in the United States or the world. You can take advantage of the tax reduction techniques that are available to you in Nevada. Nevada is a private state where they don't share information with anyone else as far as the ownership of those corporations." I thought, "Wow, this is really unique. I need to look into it."

So, I spent some time. I dug into state laws and looked at what was different between the state of Nevada and California, and I looked at Minnesota and Delaware and some other states that are out there, and I found out that Nevada had a very, very unique structure and that the clients that I had needed to know about this structure because there were so many opportunities available for them by basing themselves in Nevada and operating their business wherever they wanted to.

Well, what happened is that after a year, I had about a hundred different clients that I had incorporated in Nevada, and I decided with

my wife that we'd actually make a business out of this. We ended up moving to Nevada about two years later after I had already started the business there. We've been incorporating people from all around the United States, from outside of the United States that want to base themselves here in this country to do business, and they select the best state which is Nevada to position themselves. Right now, we represent over 5,000 clients. We're setting up over 200 corporations a month on people that are finding out about Nevada.

When I first started incorporating people over five, six years ago, we had a hard time convincing their accountants and their attorneys that this was a smart investment, a smart way for them to actually operate their new businesses. But, now, today, we've got accountants, attorneys, financial planners, we've even got insurance agents that end up sending their clients to us in Nevada, and then have everybody come over here when they just start their businesses.

Now, you hear it on the radio. You hear it on television about why people need to think about where to position themselves and base their corporation before they even start their businesses today.

We just don't set up the corporations, and there are some firms out there that actually work with people on forming corporations and there's lawyers and accountants that will help facilitate the filing of the documents in setting up a corporation, but we work beyond that because I know the mind of the small business owner. They want to know that somebody's there to support them – a firm that's there to answer their questions when they have them, a firm that understands the tax structure of corporation and what kind of documents have to be

filed with the Internal Revenue Service every year, what kind of legal requirements they've got on a continuing basis.

We've develop our whole business to educate business owners on how they can take advantage of corporate structures, on how to set up those corporate structures, and how to give you the support that you need year after year to make sure that you're more successful in business.

Nevada Corporations, I think, still are kind of cutting edge, business development angles. For the entrepreneurs who really understand, there's an advantage to incorporating from a tax side and possibly even eliminating all of your state taxes by getting a leg up on other competition because they know that that little tax – may be it's five percent, six percent, seven percent that they get to put back in their business to develop it and make it grow it that much more – is going to be the advantage that they need to compete in today's competitive world.

These are all things that each and every one of you should learn about and hopefully will give you a broad understanding of this in this program today, and you can find out why Nevada corporations are the only kind of entity that you need for your business today.

It's not just limited to your business life. You can also look at it from your investments, if you've got real estate investment, if you've got stocks and bonds that you want to secure and put in a nice, private, controlled structure. If you're concerned about lawsuits in your lives, and you've got many different business interests, each of those business interests should be insulated in corporations so that the

attorneys and lawyers out there can't get access to those assets. And, of course, the most important thing is that you personally are not held liable for the actions of your business.

If you're not incorporated today, one little lawsuit can go right through all your business assets and all your personal assets and that can be devastating.

The primary reason why people incorporate today is for liability protection. Right now, over 90 percent of all lawsuits in the entire world are filed right here in the United States of America. There's over 40 million lawsuits filed here in the United States every year, and you have a one in four chance of being sued every year in this country.

Right now, there's just as many attorneys in law school as there are practicing and that means every one of those attorneys when they come out of law school, they have to go out and create a job. They have to make business for themselves, and they do a lot of time by generating law suits, by encouraging people to sue one another.

It was interesting moving from Minnesota and spending some time in California, and looking at the different ways that law firms actually advertise on TV. Now, I remember seeing an ad on the Los Angeles station where they showed a secretary sitting at a desk and the phone was ringing and papers were flying and she had a boss over here pointing at her saying, yelling at her some words that we couldn't see on television, and all of a sudden the big title jumped up on the screen and said, "Job Stress". It said, "You can sue your employer for job stress." And, as a small business owner, that just amazed me that literally if I had an employee that I was expecting to do a lot of work

everyday that they had the right to sue me if it was too stressful, if the environment was too stressful for them. That's when I really understood how susceptible we all are to lawsuits.

Right now, you have potential lawsuits from your employees. You've got lawsuits from your customers. You've got lawsuits if somebody just walks through your door and slips and falls in your environment, in your work environment. You have all sorts of different lawsuits and contracts and different things that you have to deal with, and people don't hesitate to sue one another today.

It's amazing how many clients I've had that have gone through long, lengthy lawsuits, and whether they won or lost the case, they never ever felt like they won the case because the amount of money that they had to spend with the attorneys going through the entire process.

When you incorporate yourself, you take your business and you actually protect that business. You put a shield around that business that says if somebody wants to sue you, they can sue that business if they've got just cause and they've got reason to sue that business, but they can not go after you and your personal assets. It separates out your assets and your business assets. So, there's a line drawn between those assets, and there's a separation. So, if they decide to sue your business, you're protected. Your personal home is protected. Your cars are protected. Your bank accounts and investments are all protected, and that's primarily why people first started incorporating, to take advantage of that.

Today, the way the liberal courts have kind of adjusted themselves, there's all sorts of ways of what they call pierce through corporations,

and that will lead us right into why Nevada because Nevada's one of the toughest states to pierce through corporations.

But, as a small business owner, you need to know that you're going to be sued in your business life, and it might not be this year. It might not be next year, but you will encounter a lawsuit, and I promise you, you will not enjoy the process. If you can separate your business assets from your personal assets, at least you'll know that you've got security with your personal life, and your business life can be at risk, but there's ways of reducing that which we'll hear about later.

Another important thing when it comes to incorporating is the tax savings. The moment that you incorporate, all of a sudden your tax rates are reduced. At every level of income, the corporation pays less tax than what you or I pay as individuals. So, if you're a sole proprietor right now, you're actually paying more in tax than the moment that you incorporate your business. It's a very simple process to incorporate your business.

Now, all of a sudden, you have a whole host of tax deductions that are available to you as a corporation that you never had available to you as a sole proprietor. You have all kinds of tax deductions related to educational programs. You can literally have your children work within your business and pay their entire tuition costs for any kind of college that you want to put them through. The IRS really doesn't scrutinize corporations like they do sole proprietors and small businesses.

Your audit risk, the moment that you incorporate goes down tremendously. It's lower than probably tenfold over a sole proprietor because the IRS actually considers a sole proprietor as someone

who's not a real sophisticated business owner, somebody who might be putting cash in their pockets or not reporting things in the appropriate manner. The IRS looks very closely at sole proprietors, but they don't look as closely at corporations until you start making over a million dollars a year, and then things do change and they look at little closer at you. But, the moment you incorporate, your audit risk goes down tremendously.

Another area of how corporations have really evolved over the years is for raising capital. You can attract investors to a corporation, but don't have to take on any of the business risk in operating your organization or if your organization gets involved in some kind of lawsuit, the investors do not have to be responsible for those lawsuits. They become shareholders in your organizations, and you can bring them into your organization. They can help support the growth and development of your organization without taking on that risk. So, that makes incorporations very attractive from the investors' perspective because of that liability that corporations afford them. And, they're great vehicles for bringing groups together to help develop your business by giving them a little portion of your business and letting them participate in the growth and profits of your organization.

The most important thing with incorporating is do not wait. That one little lawsuit could be just sitting out there being read to be filed against your business, against yourself personally, and if you are not incorporated, if you haven't taken your business assets and placed them within a corporation or if you're just thinking about starting a business right now, incorporate first. Do not wait one moment longer because that lawsuit sitting out there, and until you've gone through a lengthy lawsuit and you've spent the money on attorney's fees and the

stress that goes along with sitting in court and filing paperwork and going through depositions, all that comes together with that is a very stressful process, and it can be financially very devastating to your business and to your personal life if you haven't separated those assets out by putting your business over here, and your personal life here allowing that corporation to draw the line as your protective shield over those lawsuits.

The next thing we want to take a look at is why should you incorporate in Nevada? Many of you are sitting in a different state other than Nevada thinking, "Well, I can just incorporate in my home state, and I can get the same advantages of a corporation." Now, what you'll get is certain advantages of a corporation, but now we're going to find out actually what sets Nevada apart.

The first thing we're going to look at is the liability protection. Now, we've talked about it already and we said that with a corporation, you gain liability protection, but because of what's going on around the United States right now, the court systems are allowing people to pierce through corporations and attach to personal assets. So, if you're the owner of a business, if you're the president of a corporation, if you're an officer of that corporation or a director, in certain states right now, for instance like California, there are so many ways for somebody to pierce through that corporation and attach your personal assets. When there is an attorney, and they've got a case and they're deciding whether or not they're going to take that case, they're going to look at the likelihood of getting assets, what they're going to get out of that case, and they're going to look through business assets and they're going to look at the personal assets.

Well, what happens is the minute that you incorporate in Nevada, all of a sudden, your corporation is under a whole different set of laws. Even though you may be operating that corporation in a different state, the moment you base yourself in Nevada, you gain the advantages of Nevada law, and Nevada law is very specific to the liability protection of the shareholders, the directors, the officers, the people that run and manage the corporation on a day to day basis. Those laws state that in only one situation can they actually go after your personal assets from your business, and that involves fraud and that's one of the most difficult things in a court case to prove because somebody has to prove the intent of fraud.

In California and other states, you've got situations where if you're undercapitalized in your business or you haven't kept your records up to date, or you haven't maintained your meetings that you're required to have with the corporation and documented those properly, that those can be avenues for a lawsuit to actually pierce through the corporation.

One of the greatest predators to every business owner out there is the Internal Revenue Service. Most of the time, we talk about the Internal Revenue Service, and it sends chills down people spines because it's the last agency they ever want to deal with. Well, one of the unique advantages of Nevada is the fact that there's no reciprocity with the IRS. The state of Nevada does not share any information with the Internal Revenue Service. Actually, about ten years ago, they approached our governor, Bob Miller, and came in and said, "Mr. Miller, we want to set up a program where we'll share information with you and you share information with us on the citizens of Nevada." They also wanted information on Nevada corporations, and our governor

said, “Absolutely not, no way, we’re not going to share information. We’re going to keep the state a private state, and we’re not going to allow these kinds of agreements that they’ve got with every other state where they share information back and forth.”

So, Nevada is very unique in that they don’t share any information with the Internal Revenue Service, and they don’t make it easy for the IRS to gain access to information about you or your business. And, that’s a great advantage again in setting up your enterprises because the IRS has been known to target certain industries, certain businesses, and especially small business owners, and if you are a self-employed individual and a sole proprietor we mentioned earlier that your audit risk with the Internal Revenue Service is very, very high. The minute you incorporate you lower that audit risk.

Well, if you come to Nevada, because there’s no sharing of information with the IRS, your audit risk goes down tremendously low and there’s nothing for them to gain information on. So, they don’t even know what kind of business endeavor that you have until you let them know and give them that information.

Many states actually require you to capitalize your business or put a certain dollar amount or certain assets into your business to get it started when you incorporate, and they’ve got capital requirements for your business. Well, Nevada is one of the very few states out there that doesn’t require that you even put anything in your corporation. You’re granted the right to operate your corporation the minute you file that form in the state of Nevada, and there’s no rules that you have to put a thousand dollars and ten thousand dollars and a hundred thousand

dollars like some states. You can literally start your business with one dollar down and you're off and running.

Now, imagine that opportunity where other states require you to put ten thousand dollars and fifty thousand dollars to get your business capitalized and growing. You can have a corporation in Nevada with only one dollar to get it moving, get it started, and there's no requirements to put anything else into it.

Many people ask us, "How many people are required to come together to actually set up and form a Nevada corporation?" "Do you have to have the stockholders and officers and directors and there's all these positions of authority in a corporation?" And, in Nevada you're only required to have one person. That's all you have to have to set up a corporation. That person can be the stockholder. They can be the president, the secretary, the treasurer. They can be the directors of the corporation, but only one person is required.

The best part is you can live literally anywhere and set up and form a Nevada corporation. You don't have to move to Nevada. You don't have to know anyone in Nevada. You don't have to come to Nevada to set up your corporation. One simple phone call and we have your corporation formed in 24 hours, shipped right off to you, ready for you to utilize right away.

So, only one person's required and you can live anywhere in the United States and take advantage of all the things that we talked about relating to Nevada corporations.

I don't know why everyone in this country right now is not running to Nevada, but right now it's only 40,000 corporations a year that are set-up here in Nevada. That's a very large number consider there's only a million and a half people that live in the entire state of Nevada.

The best part of incorporating Nevada is how inexpensive it is to actually form and set up that corporation. You can spend thousands of dollars with a law firm getting a corporation designed and put together and filed for you. We set up hundreds of corporations every month and thousands each and every year. We know how to set up those corporations properly, and we can keep your costs way down for that corporation that you want to get set up and started.

You know, in Nevada, every year, you have to pay the state a fee to have the advantages of a Nevada corporation and everything that Nevada affords you. It's only \$85 a year. Now, if I have to do a comparison, I'll take a state like California that charges you over \$850 a year to have that corporation in place and take advantage of a corporate structure. Nevada only charges \$85 a year – a very low amount of money considering all the protection, the privacy, and the tax savings that you're going to gain by incorporating yourself in Nevada.

One of the important things that I want you to know is not to wait in this process, to take advantage of incorporating yourself in Nevada, to take advantage of the fact that it's very inexpensive to set-up this Nevada corporation. There's so many opportunities that are available to you that moment that you incorporate. And, as we've gone through the seminar here today, and we've better understood the advantages of Nevada, and if you don't understand why you should set up that

corporation today and why you shouldn't wait another day in your business or your personal life, than I haven't done my job.

I haven't really shown you all that I've know in setting up a corporation, and the best part, the moment that you incorporate, you gain the advantages of our firm and all the information that we gained from years and years of experience of incorporating. I've known as an entrepreneur that entrepreneurs like to do their businesses, but they don't want to maintain all the little pieces that go along with it, and they can hire the professionals to come in and help them if it's a contract that they need designed or if they need some tax advice, they'll go to a tax experts. But, they're good at doing what they do.

Well, we're very good at doing what we do, and we're here to support you. The moment that you've incorporated, we are on your team. We're there to answer any questions that you have after the fact. The moment that you have a question about, "When's my tax filing due?" or "What kind of paperwork do I need to maintain my corporation properly?" or "How do I use my Tax ID number and who do I give it to?" or "How do I form a bank account for my corporation?" – all this information is available from our knowledgeable staff, and if there's something that you need form an accountant like a CPA that you need or an attorney that you need, we have consultants that we work with all across the United States that we can put you in touch with to help you with any kind of corporate needs that you may have.

But, that's an important point to understand is that we're not going to leave you alone. We're there to support you day in and day out when you've got questions regarding your new corporation. It's not

complicated, but we're there to work with you if you ever do have any questions. We're your support staff located in Nevada.

There are all sorts of strategies available to you when you decide to incorporate in Nevada – tax strategies, liability protection strategies, strategies to lower your profile out there if you're looking for privacy. We always encourage each and every one of our customers and clients or people who are just looking at us, is to sit down and talk to one of our consultants. We have a whole trained staff of consultants here to support your interests and actually put you in the right direction, explain to you why your business can relate to a Nevada corporation.

Many people believe that they can operate their home state business and not pay any taxes because they're a Nevada corporation. Well, that's absolutely not true. Some of you may have to pay taxes in your home state depending on how you set it up, but there's all sorts of strategies that we've developed over the years that can eliminate your state taxes, eliminate lawsuits from your life, maintain ultimate privacy in your life, and this is where many times you need to sit down one on one with one of our consultants to better understand how to relate a corporation, and most importantly a Nevada corporation, to what you're doing as a business person and as a professional out there in the world.

One of the things I always like to point out is something called the dividend exclusion rule. This is very unique. The IRS actually gives an advantage to people that own Nevada corporations that you can literally set up a Nevada corporation, put investments in that corporation, and if they're high yielding, dividend producing investments like stock in IBM or some public utility that has a high

dividend yield, seventy percent of the income that you earn in dividends is excluded from taxes.

So, you can earn \$100,000 in dividends on investments that you have, and \$70,000 of that is actually eliminated from any taxes to the Internal Revenue Service. That's a great opportunity for those of you who are investors looking for a little edge up.

The other thing I always like to point out to people on the tax side of the corporations is with a Nevada corporation, you literally can only pay fifteen percent in tax. Now, you can pay higher than that if you want to, but if you limit the amount of profit in your corporation to \$50,000, you only pay fifteen percent in tax.

So, let's say that you have investments out there, and those investments are paying off for you, and you're earning \$50,000 a year. You're only going to pay \$7,500 a year to the Internal Revenue Service. Now, imagine comparing that to your personal life. Your personal life you've got your federal tax based at whatever your personal tax rate is and that might include your wife and yourself, husband and wife, whatever the situation is. It might also include the state tax. Then, you've got potentially unemployment tax. You've got taxes that you have to pay for social security, for unemployment, for Medicare, and it adds up on top of it.

Well, in a corporation, the corporation doesn't have to pay any of those extra taxes. A Nevada corporation only pays taxes to the Internal Revenue Service and you can literally earn \$50,000 in that corporation and only have to pay fifteen percent tax. That's a lot of money saved, if

you consider that you're going to pay over fifty percent of that if you earn that money personally.

So, kind of weigh it out. Do you want to pay \$25,000 in tax or just \$7,500 in tax? You can let that money grow and accrue almost like an IRA within the corporation and let that grow and grow and grow until you get to your retirement age, if you decide you want to take that money out of the corporation, or maybe you should pass it on to your children where they can take advantage of what you've grown and developed on their behalf.

Many of our clients come to us and say, "Well, I've already got a home state business in my home state that's been out there for five years, ten years, twenty years, and I have to pay taxes to my home state." And, I say, "Yes, you probably can't take advantage of a Nevada corporation and eliminate your home state taxes if you just simply have your one corporation." But, in those situations what we do is we teach people how to set up a home state corporation if they don't have one already, and they also set up a Nevada corporation. These two businesses work together.

Now, let's say that your business is earning \$100,000 a year in profits in your home state, and you're having to pay ten percent tax to your home state or \$10,000. You're sick and tired of paying those high taxes and you want a way around that. Well, one great way to do that is to separate your business. Put part of it in Nevada and part of it in your home state. Let's say that you set up an advertising and marketing firm in the state of Nevada that actually provides services to your home state business, and what if that Nevada business actually charged, let's say, \$10,000 a month. Well, \$10,000 a month would go

from your home state over into Nevada and that would be \$120,000 for that year.

Now, remember, we said that your home state business made \$100,000 that year. You'd be actually eliminating any profit that you would have in your home state, therefore, eliminating any home state tax. Where did all your profit end up? It ended up in Nevada, and in Nevada, there's absolutely no income tax on your corporation. So, you just eliminated that \$10,000 that you would have had to pay to your home state in that tax.

There's all sorts of ways of setting up strategies just like this. If you can sit down with one of our consultants and kind of develop a plan, a game plan to lower the amount of taxes you're paying every year.

We have many people that come to us and say, "Well, you've talked about the idea of having a corporation earn only \$50,000 a year, paying fifteen percent tax, but my business is earning \$150,000, and I have to pay a much higher corporate tax rate at that point in time." And, sometimes we'll sit down and discuss a plan, and there's ways of actually developing your business. Well, maybe there's three parts. Maybe you've got employees in one part. Maybe you've got the business who deals with your customers in another, and maybe you have all your equipment in a third enterprise. And, those three businesses can work in conjunction with one another, but you can actually maybe leave \$50,000 in one corporation, \$50,000 in another, and \$50,000 in the third where you've got each corporation at a point where it's at the fifteen percent tax rate.

Now, there's some strategies that have to be developed along those lines. For instance, the ownership of all three of those corporations can not be the same, or the IRS says, "We're going to combine it all together and you're going to pay one tax rate on all that income." But, if you design a plan and it's properly executed, you can get yourself down in those tax rates and gain the advantages of what we call multiple corporation strategies. These are dynamic strategies that show you how to hang on to more hard earned income that you make.

The IRS allows you to be creative. The IRS allows you to do things where you can structure yourself in a way that it's to your advantage, and it's actually all right and there's been Supreme Court cases where they say you have a right to do all you can to lower your tax rate. You just can't evade taxes, but you can do everything you want to structure yourself in a positive way to lower the amount that you pay in taxes, and most importantly you can even take advantage of Nevada and not have to pay the state income tax of your home state. Why wouldn't you do that?

Everybody, as we talked about before, as a business person, as a professional, needs that income to develop their ideas, to develop their personal lives, and we can all try to hang on to another \$10,000 or more every year by these simple strategies.

It's amazing in business today how many people are interested in privacy. We've estimated about seventy percent of our clients actually come to us with privacy in mind in using Nevada. They come to us for many strategies revolving around privacy. We've had people that are landowners and real estate owners that don't want people to know exactly what they own or what they have out there. What if you're in a

high risk business, and somebody wants to do an asset search on what you own because they're thinking about suing you. Well, the minute they go out there and they start looking for your assets, everything that's recorded in your name in every county in the United States is going to pop up. They can actually find your brokerage accounts. They can actually find your bank accounts. They can find out what kind of vehicles you own.

Let's say you set up a Nevada corporation. The money that you put into that corporation all of a sudden disappears. It's not in your name anymore, and remember in Nevada it's privately, that information is not available if people just want to find out if you own a Nevada corporation. You could actually have real estate in that corporation, and that corporation disappears. It's not in your name anymore. So for people who are thinking about going after you or suing you for any kind of reason whatsoever, they can't find things that you own and that's fantastic today considering what your exposure is for liability, what your exposure is for getting sued on a day to day basis.

Many people just like to have a low profile. You know, with Baron de Rothschild that says one of the best things in this world is to own nothing and control everything, and that just meant low exposure. That really meant that if that person doesn't want to be out there in the front, didn't want to be on television, didn't want to be on radio, didn't want to be in the forefront of every business, but in the background making the money. And, usually, the higher exposure that you have today, the more risk you have of being used. The lower exposure that you have, the less likely that you're going to be involved in a lawsuit.

I actually have a friend who's a multi-millionaire, and I always laugh at him because he drives this old beat-up Volvo, and he drives it to meetings and seminars that we have done together, and he comes in there and he starts talking about asset protection, how you can save yourself a lot of money. But, one of the most important things he says, "It's the exposure that you have that attracts people to you. If you're driving the fanciest car, if you're living in the fanciest house, if you always flaunt your money and it's all out there, people have a tendency to want to go after you. They want to take it from you. They want to bring you down to their level."

Well, the best thing that you can do is not have a high profile, and by taking advantage of privacy strategies in Nevada, you don't have to have a high profile. You can have a lot going on. You can have many, many businesses, a lot of investments out there, but nobody has to know what you own and what you have, and that lowers your audit risk, that lowers your risk of lawsuits. That probably puts a lot more money in your pocket for future uses than you can ever imagine. So, I encourage people to take advantage of these privacy strategies. There's all sorts of different ways of utilizing Nevada as your private corporate base, living in your home state, owning things, running things, managing things, but not having to be the person that's out there owning all this stuff and being the one to be reflective in any kind of lawsuit. So, take advantage of Nevada on the privacy front. There's many strategies you can take a look at and take advantage of.

You know, Nevada corporations can be used for many, many investment purposes to protect what you've got. How about if you're involved in real estate? We've got many clients that own properties all around the United States, and they may have small single family

homes or they may have big office buildings, but one of the things that we always teach them is you are better off putting each asset into a separate corporation or really a separate entity to insulate the exposure that you have. The kind of lawsuits that can come down on you if you've got a tenant in a building or someone living in your property. One little water heater that breaks and puts out hot water onto somebody's skin can actually involve a multi-million dollar lawsuit. Or, if they get hurt in one of your residences, that can involve a multi-million dollar lawsuit.

Now, most of you would have insurance, but often times your cap is only a million dollars, two million dollars, and those lawsuits today can go three, four, five, ten, twenty million dollars depending on how severe it is. What if somebody died because they have a problem in the house? They fall down the stairs. It wasn't treated properly, or you've got lead paint issues with real estate today where if a small child is eating the lead paint in the house, they could actually go after you if they get sick and die from that. There can be tremendous ramifications.

Well, if you're involved in real estate, why not set up a separate corporation for each piece of real estate that you have. Then what happens if you get sued, they can only go after whatever's in that one corporation. So, if there's only one property in that corporation, that's all they have. That's all they can go after. They can't go after those other assets that you have in separate corporations. That's a great way to insulate your assets. Put your assets in different pockets, just like you're taught to diversify in the investment world – put some money in the stock market, some money in the bond market. Put some money into your precious savings accounts so that it never goes away. The

same thing you want to do with corporation is you separate out your assets so that if somebody decides to go after your assets for whatever reason, they only get whatever it was they were dealing with for instance a piece of real estate if they were living in that property or had a suit against that property. That's all they end up with. So, those are other strategies to consider about insulating all your assets too with Nevada corporation.

There's all sorts of tricks and strategies that you can take advantage of using Nevada corporations in multiple different ways. You might find that all you need is one corporation, and some of you might be sitting there, "I could use five, ten corporations." And, we do have clients with multiple corporations that have great strategies that they've developed, and they don't spend a lot of money on these corporations, nor do they spend a lot of money maintaining these corporations, but they gain the great advantages of that asset protection by insulating out all those assets.

When it comes to corporations and taxes, there's nothing better than a Nevada corporation. You know, you can literally set up a corporation and you can almost live within that corporation. We've got individuals that have company cars, have company real estate. We've got individuals that set up corporations and they get to literally deduct all their travel related expenses. We call that living the corporate life.

You can take your small business and incorporate that business, and pretty soon you might be deciding to bring your children into that business, and you can pay your children income and some kind of salary if you want to put them on a salary or pay them an hourly wage. But, what if you decide then to put your children into private school?

Your corporation can pay for their education while they're working for your business.

How about when it comes time to put them through university and that can be tremendously expensive? Well, your corporation can have special programs designed for the employees. Even if the only employees are your children and yourself, your corporation can be designed where those dollars which are all tax deductible to your business can pay for their education. No longer do you have to take that money out of your pocket. You can literally take it out of your business, have it as a right-off of your business, and not have to pay any income tax on that money that you utilize to pay for their education.

There's many other opportunities with a corporation. You can set up special retirement programs that you had never available to yourself. You can have opportunities to tack away hundreds of thousands of dollars a year for your future retirement where maybe you're only limited to twenty or thirty thousand dollars a year in specially designed programs for the self employed individual and sole proprietor individual. Special programs like cafeteria plans that you hear about in large corporations having, you as a small corporation can also take advantage of.

All those laws out there in Washington that set up these special tax deductions for corporations that the big corporation of the United States take advantage of, you as an individual, as one person running that corporation also get to take advantage of. These giant corporations here in the United States spend millions and millions of dollars every year making sure the tax code is specifically designed to

their advantage. Now, all that comes to you – because you’re a small corporation, you get those same plans.

So, let’s say that you design a special program and it’s a cafeteria plan that allows for you to have medical reimbursement where they can pay all your medical bills. Let’s say that you also want child care. You’re a husband and wife team and you’re both working in the business. You could set up a special program where it’s tax deductible. You can pay for child care for your child. No longer again does it come out of your pocket. It’s tax free. It’s income that you normally would’ve paid taxes on that’s now a deduction from your business.

You know, I’ve got some clients that actually live in their corporate residence, and because of the kind of business they have or the kind of consulting that they do, their corporation requires them to live in a special house or apartment or condo and to be their to answer the telephone for that company. Well, because of that, that’s a corporate expense. So, now, their rent or mortgage is paid for. Now, their utilities are paid for. Sometimes even certain meals can be included in that because they’re required to stay on location where the corporation can say, “I’m going to pay you for your meals. I’m going to reimburse your meals, or I’m just going to have your meals brought in because we need you at this location.” There’s all sorts of tax deductions that open up as a corporation.

What if you like to travel? I do speaking around the United States. So, if I decide to go to New York City, if I decide to go to Florida, or if I decide to go to San Diego, I can travel there, and I always try to incorporate business into some part of my trip because why? Because now I can actually deduct that plane fare, potentially the hotels and all

of the meals that I have that revolve around that part of the trip that was business. Now, I can take a few days for personal time, but I had that entire flight paid for by my corporation because I had to go there on business. So, if I'm a speaker around the country, I might look at different facilities where I want to hold my next seminar at, and you and your business can think of all kinds of creative reasons why you might travel the different cities and relate it to your business.

For instance, what if you like going to Florida every year and you just like to get away and spend some time in the sun and get away from the winter? Well, you can literally go down to Florida, pick your vacation spot. What if you're in the printing business? Or, what if you're in the auto business? What if you're a contractor? You can spend a certain portion of your trip just going around and meeting some other people in your same industry. It's always good to find out what other people are doing and share ideas. Now, that becomes a tax deductible trip, and even though portions of it are your vacation time you might not get to deduct, you do get to deduct the travel and that's probably the largest portion of our trips are the travel related expenses – your air fares and your car expenses related to that. Now, you can deduct that one hundred percent from your corporation just by getting a little bit creative and thinking of ways to enhance your business affairs and also reduce the amount of taxes that you have to pay, and reduce the amount of personal money that you have to put out there.

What if you also like personal development seminars or you like to go back to school? Your own corporation can pay for these things. Your corporation can pay for your life insurance. If you decide you need life insurance, why pay for it out of your pocket, let your corporation pay for that.

Also, there's certain program that can be developed in a special cafeteria plan for instance where you can have extended care if you get injured on the job. A corporation can have an agreement where they will pay for your income year after year which is tax free. You can actually set up a corporation where your kids are going to take it over, but you develop a special contract that says that that corporation's going to pay for any kind of medical care that you're going to have well into the future.

You can have all sorts of unique programs developed for yourself. There's so many tax saving strategies that corporations can have. My corporation pays for my meals. It pays for my vehicles. It pays for my gasoline. It's funny how many times I just don't even dip into my pocket, but just let the corporation pay for things which are tax deductible for the corporation. It really means I don't have to earn a lot of money personally. I can earn my money corporately, have it written off as a corporation, and I just need enough to get by on a day-to-day basis which means my personal taxes are lower that much more because I don't have to be in one of the highest tax brackets because I can earn my money corporately and leave the income within that corporation.

So, if you're not incorporated right now, you're missing hundreds and hundreds of tax deductions that you didn't even know where available to you, and the moment that you add "Inc" after your business name and become incorporated, all of a sudden all these new deductions become available to you. And, the best part of it is, is when you're taking advantage of strategies as a sole proprietor, the IRS is right in there looking at every little tax deduction that you have, but remember

what I said about when you incorporate. All of a sudden the IRS really leaves you alone, and they don't look at you until you're a large corporation. So, all these tax strategies are open to you, and there's really a lot of scrutiny. I always encourage you to follow the law, but you can be as aggressive as you want to be and those tax saving strategies are available to you. So, stop paying so much in taxes, and take advantage of all these deductions, all these fringe benefits that a corporation can offer to you.

Nevada corporations are very powerful, and when you incorporate that with federal taxes here in the United States, you literally can get yourself in a position as we mentioned where you're paying only fifteen percent tax on the corporate level. I want to show you a simple example. In this example, we're going to compare an individual making \$50,000 and a corporation making \$50,000 and what the differences in taxes are.

Now, if you're a sole proprietor and you're earning \$50,000 right now here in the United States, you're going to pay tax to the Internal Revenue Service. You're going to pay tax to your home state. You're going to pay self-employment tax also which includes your FICA, your FUDA, your unemployment, your Social Security and Medicare coverage. That involves 15.3 percent tax on your income. You also include that with the federal tax paying over fifty percent of that money in taxes.

So, let's say you earn \$50,000, and you had a fifty percent tax rate when you add everything else up. That's \$25,000 in taxes that you can just forget about. Now, you've got to think. You just worked half the day for the IRS and the state tax, and the other half the day maybe just to

cover your mortgage and car payment, and all the sundry items that you have to pay on a day-to-day basis. That's a lot of money.

Now, compare the difference. Let's say that all of a sudden, you decide to incorporate, and you're going to take advantage of all these fringe benefits a corporate can pay for all sorts of things for you, and you don't have to earn a lot of money personally. You leave the money in that corporation. Now, that \$50,000 in the corporation saves you a tremendous amount of money.

Remember, we said that \$50,000 in a corporation and you only have to pay fifteen percent tax on that profit within your business. That's \$7,500. Now, compare that with the \$25,000 that you had to pay as an individual or a sole proprietor when you had a fifty percent tax rate. Do you know what that is? That's a savings \$17,500 - \$17,500 that you don't have to pay in taxes that you can either put in your pocket. That you can use for your business development. But, I don't understand why more people aren't incorporating. Just a dramatic difference in tax rates alone is enough reason and enough incentive to go out there and incorporate today. These are very, very dramatic - \$17,500 for business development or for your child's education or for something else that you want to take advantage of is a lot of money, and we're only talking about \$50,000 of profit. That's not a lot of money in today's world, and you're saving \$17,500 simply by incorporating through that process.

One question that's often asked of me is, "Are all these strategies legal? Can I really do all these things? What do the courts say about it? And, what does the Internal Revenue Service say about these strategies?" And, I want you to know that we've tried and tested every

one of these strategies. We've used our attorneys with these strategies. We've even used former IRS people to help us develop these strategies to make sure that they're successful for you.

Often times, they'll be calls from attorneys and accountants and CPAs that have been talking to their clients, and their clients will want to incorporate in Nevada. So, we get them on the phone and we start talking about how we do it and what we do, and often times that's all it takes and if you've got an accountant, or if you've got an attorney that's not so sure that this is the right way to go for you, I encourage you to put them on the telephone with you, and we'll have a conference call and actually sit down and talk about why these strategies can work and how they work, and they can get in line with all the other attorneys and all the other CPAs around this country, and they're sending their clients to take advantage of Nevada.

We are right there to support you in making sure that what you're doing is absolutely by the law.

That's the end of this recording on how to protect your assets and limit your tax liability by setting up a Nevada corporation. If you'd like more information on how to set up a Nevada corporation, please email Michael@MichaelSenoff.com, and I'll direct you to my foremost expert on the subject. You may also call 858-274-7851.