CLIENT

Custom Manufacturer

TAX STRATEGY & SAVINGS CASE STUDY

COMPANY OVERVIEW

Client is a designer, manufacturer, and installer of custom awning, canopy, and architectural shade systems serving commercial and residential customers throughout the United States. The Company engineers and fabricates aluminum and steel awnings, walkway covers, entrance canopies, fabric shade structures, and other customized exterior solutions tailored to meet each project's unique structural, architectural, and environmental requirements. By combining engineering expertise with advanced fabrication techniques, our client delivers durable, high-quality products designed to satisfy customer specifications and applicable building code requirements.



INDUSTRY	ANNUAL REVENUE	TOTAL EMPLOYEES	EMPLOYEES IN R&D
Custom Manufacturer	**~$10M**	**~50**	**~10**

QUALIFYING R&D ACTIVITIES

Our client's employees regularly develop and refine custom awning and canopy systems to meet project-specific structural, architectural, and performance requirements. Their work includes evaluating alternative materials, engineering designs, fabrication methods, and installation techniques to resolve technical uncertainties. Through iterative design, engineering, prototyping, testing, and manufacturing process improvements, the team enhances structural integrity, durability, manufacturability, and installation efficiency while ensuring compliance with customer specifications and applicable building code requirements.

FEDERAL R&D TAX CREDIT RESULTS

TAX YEAR	GROSS FEDERAL CREDIT	NET FEDERAL CREDIT
2025	$42,705	**$33,737**
2024	$50,872	**$40,189**
2023	$65,111	**$51,438**
Total	**$158,688**	**$125,364**

Our client's investment in engineering, custom product development, and manufacturing innovation enabled the Company to generate over **$125,000** in net Federal R&D tax credits.

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TAX BASELINE (PRIOR TO ENGAGEMENT)

Before our engagement, the client's tax posture reflected a conservative, compliance only filing with no proactive planning.

2024 FEDERAL INDIVIDUAL TAX LIABILITY (BEFORE ENGAGEMENT)	2025 FEDERAL INDIVIDUAL TAX LIABILITY (BEFORE ENGAGEMENT)
$172,768	$178,231 would have been paid; we found savings of **$156,177**; Client is only paying $22,054 in taxes in 2025.

Note: 2024 shows a large refund ($138k) driven by over withholding, not tax savings. This is a cash flow timing issue addressed separately through estimated tax planning.

TAX STRATEGIES IMPLEMENTED & ESTIMATED SAVINGS

STRATEGY	WHAT WE DID	DEDUCTION/AMOUNT	EST. TAX SAVINGS
Cost Segregation (incl. STR Treatment)	Engineering cost segregation study on a short-term rental.	$150,000 accelerated depreciation	**$55,500**
Reasonable Compensation + QBI Optimization	Independent reasonable compensation study reduced officer salary from $629,744 to $134,000. This cut payroll tax exposure and, because it is large enough that the QBI wage limitation never binds, it also converted a QBI loss into a real deduction.	$52,072 QBI deduction unlocked	**$39,157**
SALT / Georgia PTE Election	2025 Pass-Through Entity election shifts state income tax to the entity level, where it is fully deductible with no cap, versus an estimated $18,189 personal cap under OBBBA's MAGI-based phaseout.	$131,811 incremental deduction unlocked	**$40,861**
Family Employment Strategy	Child 1 ($14,387) and Child 2 ($15,671) formally employed through the LLC, shifting income into their own low brackets. Paid through the LLC (not the S-corp) so the family-employment FICA exemption applies to both.	$30,058 income shifted	**$9,251**
Accountable Reimbursement Plan	Formalized a written accountable plan to reimburse Client Owner for out-of-pocket business expenses that were previously unreimbursed and nondeductible to both her and the business.	$20,000 reimbursed expenses	**$6,200**
Augusta Rule §280A(g)	Client's S-Corp rents their primary residence for 14 days per year at a $1,200/night fair-market rate for documented business meetings and is deductible to the business and tax free to Client.	$16,800 rental income excluded	**$5,208**
Total Estimated Tax Savings		All strategies above	**$156,177**

All strategies above are repeatable annually and compound going forward, these are not one-time fixes.