RAINWATERCPA

CLIENT CASE STUDY

How a Two-Owner Used Car Dealership Found $45,860 in Same-Year Tax Savings

INDUSTRY **Independent Auto Dealership**	LOCATION **Washington State**
ENTITY STRUCTURE **S Corporation, co-owned**	ENGAGEMENT **Proactive Tax Planning by RainwaterCPA**

The Client

The client is a used car dealership co-owned by two partners, structured as an S corporation, with a small team of employees. Like many profitable business owners, they had a CPA who filed accurate returns every year — but no one had ever sat down with them to build a forward-looking tax *plan*. They were paying whatever the return said they owed, year after year, with no strategy behind it.

The Challenge

A profitable dealership throws off real income, which means real tax exposure — across the S corp and *each* owner's personal return. Without proactive planning, that income gets taxed at the highest marginal rates with no structure in place to soften the hit. The owners weren't doing anything wrong. They just weren't doing anything *intentional* — and with two owners instead of one, the missed opportunity was effectively doubled.

What We Did

RainwaterCPA built a full tax plan covering the dealership (S corp) and each owner's individual return, layering together strategies suited to their specific situation — income level, business structure, and goals for the future. Because entity-level strategies (accountable plan, Augusta Rule, health insurance, retirement plan design, etc.) apply per owner-employee, and each owner also has their own individual return, the plan was effectively built twice — once for each owner — and the results below reflect that combined impact.

On the individual side, we identified opportunities including:

- A syndicated solar tax credit investment
- A donor-advised fund contribution strategy
- A traditional 401(k) contribution structured for maximum deduction

On the business (S corp) side, we layered in a stack of entity-level strategies, including:

- An accountable plan for reimbursing out-of-pocket business expenses

- The Augusta Rule (renting each owner's home to the business for legitimate business use, up to 14 days a year, tax-free)
- A qualified employee achievement award program
- Hiring-related and fringe benefit strategies
- Business-sponsored health insurance and retirement plan design

The Results

Savings Category	Current Year	Next Year
Per-owner individual return savings	$15,388	$16,044
Per-owner S corp savings	$8,590	$9,246
Per-owner total	$22,930	$23,586
Combined total (both owners)	**$45,860**	**$47,172**

These aren't one-time savings — the strategies were built to recur year over year, meaning the plan pays off again in the second year without additional lift, for both owners.

Turning Tax Savings Into Retirement Wealth

$5,000,000+

Projected combined retirement impact if tax savings are reinvested monthly through retirement — over $2.7 million per owner, turning a tax strategy into a long-term wealth strategy for the whole partnership.

The Takeaway

These owners didn't change their business. They didn't take on more risk. They simply had someone build a plan *before* the return was due, instead of reacting to it after the fact — and because the plan was built around each owner individually, the impact scaled with the ownership structure instead of getting lost in it. That's the difference between compliance and planning — and it's the difference between paying what the software says and paying only what you actually owe.

Client details have been anonymized to protect confidentiality. Figures reflect actual strategy modeling performed for this engagement. This case study is for illustrative purposes; individual results vary based on facts and circumstances.