Midas

THE WHITE PAPER · US EDITION

The Creator Tax Playbook.

Sixteen legal strategies high-earning creators miss — scattered across IRS publications, practitioner case studies and expensive advisors, organized in one place. With the real numbers.

For US creators earning $250K+ · from the team at midascfo.com

WHY CREATORS OVERPAY

You're taxed like an employee. You're run like a business. That gap is the leak.

Every established business runs three systems creators usually don't: the right **structure**, real-time **capture** of deductible spending, and a **plan** executed before December 31 — not discovered in April. Miss all three and the loss compounds annually.

WHERE A $500K CREATOR'S MONEY GOES — TYPICAL UNPLANNED YEAR (ILLUSTRATIVE)

Earned: $500,000

Structure leak	wrong entity → full self-employment tax
Missed deductions	production costs never documented
No plan	retirement, timing and people strategies unused

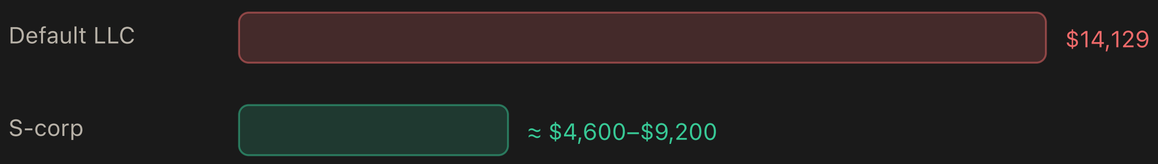
Reviews of unplanned creator returns regularly surface combined overpayment of 20–30% of the true bill.

This playbook is education, not tax advice. Every strategy is fact-specific; qualification depends on your situation, documentation and income. Implementation belongs with a licensed tax professional — which is exactly how Midas works: strategy designed with you, executed by licensed, registered professionals led by Elton Lalaj, Head of Tax.

TIER 1 · STRUCTURE — THE FOUNDATION

Fix how you're taxed before chasing any deduction

SELF-EMPLOYMENT / PAYROLL TAX ON $100K OF PROFIT — DEFAULT LLC VS S-CORP WITH A $60K REASONABLE SALARY



Kept: roughly $5,000–$9,500 every year — before any other strategy

STRATEGY 01 · THE S-CORP ELECTION

Stop paying 15.3% on every dollar

A default LLC/sole prop pays self-employment tax on ~92.35% of all profit — $14,129 on $100K. An S-corp splits income into a reasonable salary (taxed) and distributions (no self-employment tax). The caveats matter: below ~$50K profit the ~$3–4K running costs can outweigh the savings, and skipping payroll entirely is the classic audit trigger.

`Typical impact: $5K–$9.5K/yr per $100K of profit — compounding as you grow`

STRATEGY 02 · REASONABLE SALARY VS QBI

The trade-off nobody models for you

Salary is a two-sided dial. Too low invites IRS challenge. But W-2 salary is *not* qualified business income — so raising it also shrinks your 20% QBI deduction. There is no statutory percentage; anyone quoting a fixed rule of thumb is guessing. The right number is modelled from your profit, your industry comps and your QBI position, then documented.

`Typical impact: the optimum salary is a calculation, not a rule — and it moves every year`

STRATEGY 03 · AUDIT-PROFILE MANAGEMENT

Get off the most-audited return in America

Schedule C sole props are audited at multiples of the rate of S-corps and partnerships — all your income and vague deductions sit on one personal return. Structure isn't just savings; it's audit insurance.

`Typical impact: lower audit exposure while claiming more, properly`

STRATEGY 04 · THE RESERVE + QUARTERLY RECALIBRATION

Never meet a surprise bill again

Park 25–35% of every payout in a separate reserve the day it lands, and recalculate quarterly estimates as strategies land — so cash sits with you, not prepaid to the IRS. This is the foundation that makes everything else executable.

`Typical impact: April becomes a checkpoint, not a crisis`

TIER 2 · DEDUCTIONS — CAPTURE WHAT YOU ALREADY SPEND

The money is in the documentation

STRATEGY 05 · REAL-TIME CAPTURE

Document at the moment of spend

Gear, software, editors, travel to shoots, the car rented for a video — much of creator spending is potentially deductible *if documented with a business purpose when it happens*. "A $5,000 travel deduction" reconstructed in April looks vague to an agent; the same spend logged shoot-by-shoot survives scrutiny.

`Typical impact: thousands per year your April-scramble system forfeits`

STRATEGY 06 · HOME STUDIO, ACTUAL-EXPENSE METHOD

Skip the $1,500 shortcut

The simplified method caps at $1,500. The actual-expense method deducts your business-use percentage of real housing costs — 10% studio of a home with $40K of annual costs = a $4,000 deduction, plus direct studio expenses on top. Creators who film at home almost always beat the cap.

`Typical impact: $3K–$6K+/yr vs the simplified cap`

STRATEGY 07 · THE VEHICLE, DONE PROPERLY

Mileage vs actual vs depreciation — run all three

20,000 business miles ≈ a $14,500 mileage deduction. Or the actual-expense method: 60% business use of $14K of costs ≈ $8,400 — plus depreciation, which most owners forget entirely. Two things the internet gets wrong: over 6,000 lbs is **not** automatically deductible — business use must exceed 50% *and stay there* in later years; and choosing the actual-expense method does **not** free you from tracking mileage, which is required to prove the business-use percentage either way. Under 6,000 lbs, luxury-auto caps limit year one to roughly $19,500. And appearing in your content is not business use: courts have rejected that even where the vehicle featured on national television with an on-screen credit.

`Typical impact: $8K–$15K/yr — five figures more in year one on a qualifying vehicle`

STRATEGY 08 · THE AUGUSTA RULE (§280A)

Rent your home to your business — tax-free

Up to 14 days a year at *documented* market rates: shoot days, planning sessions, team summits at your place. A realistic, defensible illustration is around $1,000/day across 14 days — roughly $14,000. Be careful with the big round numbers circulating online: in *Sinopoli v. Commissioner* a business deducting $3,000 per meeting ($290,900 over three years) lost, because valuation and meeting support were thin. What makes this survive: a written rental agreement signed in advance, contemporaneous minutes with attendees and purpose, an invoice the business actually pays, a W-9 and 1099-NEC issued to yourself, the income reported on Schedule E with the §280A(g) offset, and a comps file. You're on both sides of the transaction, so it needs more support than an arm's-length deal, not less.

Typical impact: ~$14K/yr tax-free — entirely documentation-dependent

TIER 3 · PEOPLE & PLANS — THE QUIET COMPOUNDERS

Strategies your filing-only accountant never raises

STRATEGY 09 · SOLO 401(K)

Up to ~$70K/yr deductible — self-directed

As both employee and employer of your own business you contribute on both sides: $23,500 employee (2025) plus employer profit-sharing to a combined ~$70K. Deductible now, and self-directed — the account can hold stocks, real estate or other assets you choose.

Typical impact: up to ~$70K/yr in deductions while building the exit pot

STRATEGY 10 · CHILDREN ON PAYROLL

Shift income to a 0% bracket — properly

Kids doing real, age-appropriate work (they're often literally in the content) can be paid a market-rate wage — deductible to the business, largely sheltered by their standard deduction, and it can fund a custodial Roth. Three rules decide whether it survives: **run actual payroll and issue a W-2** (not optional — and it's what proves earned income for the Roth); document hours and duties in real time at a defensible market rate; and **don't set pay to exactly match the standard deduction** — that pattern signals the payment was purely for tax. Note the structural catch: the under-18 payroll-tax exemption applies to sole proprietorships and parent-owned partnerships, not S-corps, so it doesn't survive an S-corp election without a separate family management entity.

Typical impact: meaningful per child — but the documentation is the strategy

STRATEGY 11 · ACCOUNTABLE REIMBURSEMENT PLAN

Get reimbursed for what you already pay personally

A written plan lets the business reimburse home internet, phone, and personally-paid business costs — deductible to the company, tax-free to you.

Typical impact: $5K–$10K/yr, paperwork-only

STRATEGY 12 · HEALTH: PREMIUMS + HSA

The self-employed health stack

Self-employed health premiums are 100% deductible against business profit. Pair a qualifying high-deductible plan with an HSA — $8,300 family contribution, triple-advantaged (deductible in, grows untaxed, tax-free out for medical).

Typical impact: ~$10K–$18K/yr across premiums + HSA

TIER 4 · ADVANCED — WHERE CAPITAL MULTIPLIES THE STRATEGY

The six-figure tier

STRATEGY 13 · THE SHORT-TERM RENTAL LOOPHOLE

Real-estate losses without the 750 hours

The famous REPS designation demands 750+ documented hours. The short-term rental rule doesn't: an STR with average stays ≤7 days, materially participated in, can generate cost-segregation losses that offset *active* income — the accessible version for a full-time creator.

Typical impact: $50K–$100K+ of first-year losses per qualifying property

STRATEGY 14 · COST SEGREGATION + BONUS DEPRECIATION

Accelerate years of depreciation into year one

A cost-seg study splits a property into 5/7/15-year components and — with 100% bonus depreciation back — front-loads them. Published examples: $100K–$250K of losses landing in a single year against qualifying income.

Typical impact: six-figure paper losses, real cash-flow intact

STRATEGY 15 · §179 EQUIPMENT & CONTENT INFRASTRUCTURE

Studio build-outs, equipment, upgrades

Cameras, computers, studio renovations and qualifying equipment can be expensed immediately under §179 + bonus rules rather than depreciated over years — often the biggest single-year deduction a commerce creator controls directly.

Typical impact: immediate expensing of the studio you were building anyway

STRATEGY 16 · THE STACKED PLAN

Strategies compound — an illustrative year

Model a $500K creator running just the foundations: S-corp election (~$20K) + solo 401(k) (~$25K of tax value) + vehicle (~$10K) + Augusta (~$20K) + home studio (~$4K) + health stack (~$8K) ≈ **$85K+ of annual tax reduction — before the advanced tier.** In our Head of Tax's practice across 30+ creators, proactive planning has saved an average of 20–30% per year.

The point: strategies compound. Filing alone captures none of them.

THE NEXT STEP

Knowing the strategies isn't the same as having your number.

Which of these sixteen apply to you — and what they're worth — depends on your returns. The Audit reviews your last two years and puts it in writing: what you overpaid, what's recoverable, and what's available going forward. If it doesn't show at least twice our fee in recoverable savings, we'll tell you not to hire us — and refund it.

See if you qualify → midascfo.com/#/apply

Every engagement led by Elton Lalaj, Head of Tax, with filings by licensed, registered professionals.