

THE TAX GUIDE FOR TRADERS

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INTRODUCTION

Why You Need This Book

Are you a *business trader*? If you actively trade financial products (securities, commodities, futures, and currencies) with the intention of making a living, you may qualify for business treatment with trader tax status.

It is well worth your time and effort to learn about trader tax laws and benefits. Learn how to deduct every business-related expense possible including home office, education, and much more, generating average savings well over \$10,000 per year. Learn how to elect mark-to-market accounting on time so you can get immediate tax refunds on all your trading losses, without limitation (tax loss insurance); otherwise you are stuck with capital loss limitations and wash sale rule deferrals. Learn how to use entities for added tax savings on retirement and fringe benefit plans. Investors get the shaft in the tax laws, but traders get the golden goose. The only problem is that you must learn about these laws and make key elections and filings on time. Most traders miss the boat, but you just caught it by finding this book. Read on and prosper.

Traders can save a fortune with legal means. This book is not for tax avoidance schemes or tax cheats. Taxpayers are keen on using every legal and ethical means to lower their tax bills. Some go too far over the gray line chasing tax avoidance schemes; others are plain tax cheats.

If you are looking for tax avoidance schemes, this book is not right for you. It is for the legitimate and significant tax savings you can realize by

unlocking all the tax benefits related to trader tax status. Most traders still have not tapped into the minefield of benefits, so why chase fool's gold when you can tap into this trader tax gold?

If you are a business trader or active investor, you need this book; you can't find this information anywhere else and without it, you will most likely miss out on many trader tax benefits. Or, you will find some of this information elsewhere but skewed in the wrong direction, and you may be pushed into complex entities and trader tax schemes you don't need. The boom needs to be lowered on the trader tax scam providers, and you will want the necessary alerts. Trader tax success is as much about trusted judgment as it is about information, and both are clearly lacking in the marketplace today.

We start with showing you every possible way to save taxes as a trader and focus on helping you determine whether you qualify for these benefits in the first place. If you fall short of qualification, we show you the next best things you can do as investors to save as much in taxes as possible.

Tax cheating and avoidance were always against the law. In the current environment of corporate, accounting, and tax scandals, it's just plain foolish to pursue such options. Yesterday's recipe for success using tax avoidance schemes—many promoted by premiere names in the law and accounting fields, Wall Street, and big money center banks—are tomorrow's recipe for fines, penalties, interest, and possibly even jail time.

Use your common sense when evaluating tax strategies; if it seems "too good to be true" and it makes little or no economic sense, and it costs plenty of money with the professionals advocating it, then you should figure it is trouble and walk the other way.

Taxes are like a long-term investment over many years. It often takes the Internal Revenue Service (IRS) a few years to catch up and once they do, they are entitled to go back three tax years for most items and as far back as they like for fraud. Throw those wishes of "no tax" nirvana out the window and get real. This book will show you all the trader tax benefits.

The focus falls first on trader tax benefits, high net-worth family tax planning comes later. High net-worth taxpayers (with millions of dollars) should also be interested in estate, gift, and family tax planning. No sense

giving half your estate to Uncle Sam and depleting what you pass on to your heirs.

Trader tax law benefits are fully legal but still widely unknown and underutilized.

Because trader tax laws are beneficial, our mission in this book is to deliver the secrets to tax success for traders, while keeping traders out of tax trouble, for a winning long-term tax position.

Most trader tax benefits are still widely unused by traders, and our mission is to get the word out. This book is unique. Not only do we give you the information you need, which is scarce, but we give you our best ideas, strategies, and judgment, which are all keys to trader tax success.

Walk into any national chain of tax offices and ask about “trader tax status,” “mark-to-market accounting,” “net operating losses,” or anything else in this book and in almost every instance you will get a blank stare from a tax preparer who does not have a clue about these laws and benefits.

Ask your local CPA or tax attorney and they may know a little about it, but probably not much. Too many business traders missed out on mark-to-market (MTM) accounting—their trading house burned down and they did not have tax loss insurance—because their trusted long-time CPA or tax attorney missed the boat on MTM. Or they said okay, let’s elect MTM, but they then missed the election deadline. Or they elected MTM on time but then botched the necessary filing deadline or form entries to Form 3115 (Change of Accounting Method) required to complete the MTM election process.

Big law and accounting firms have not shown much interest in the small business trader. The larger firms prefer to cater to the interests, research, and practices of large corporations and public companies.

Trader tax laws are complex and vague, with many nuances, most of which require good judgment based on many years of dedicated experience. Unless a CPA or tax attorney handles dozens of traders, they probably will come up short in their advice to you.

Everything we know about the trader tax laws, delivering tax benefits to thousands of traders for more than twenty years, is included in this book. We give you our best advice. If you were to pay us our hourly rates

for delivering this advice, it would cost you tens of thousands of dollars. The price of this book, if you read and use it, will be the best investment you make this year in your trading business. Plus, it's a business deduction if you have trader tax status, or an itemized deduction if you don't.

General tax help guides and software are good, but you still need this book. General all purpose tax guides are helpful for most taxpayers, but they do not cover special trader tax laws, benefits, and strategies.

The IRS website at www.irs.gov is excellent for tax information and includes information for business traders, but don't rely on the IRS for the best tax strategies and everything you need to know—you will come up short. Do you really want the IRS to prepare your tax returns and do you want to rely on the IRS as your trusted source to deliver the most savings possible? Bad move, as you will see in this book. Some of their "unofficial" website information is not correct and damaging to traders.

Consumer tax preparation software programs and online services are excellent for many Americans, but they don't include trader tax content, questions, or resources that are a must for business traders. Some lack a few key trader tax forms.

Most importantly, tax guides and software are geared for after-the-fact tax preparation, after year-end. You need our book to make vital elections, determinations, and tax plans early in the tax year, which is where the money is! These other products are not geared for tax planning, especially not trader tax planning.

A business trader tax return can generate IRS questions unless it includes special footnotes and other strategies to reduce red flags. General tax guides and preparation programs and services don't include what you need in this regard, but our book does.

This book comes with free updates at www.greencompany.com/Book/index.shtml, user name: greentaxbook and password: mh04x729.