

Critical Capital Mass (CCM)

The "Loss" Test

A worksheet to determine how much in unnecessary income taxes you are paying

1) Estimate your annual living expenses (food, clothing, travel, entertainment, automobile, rent, college funding, mortgage (with your mortgage calculate the after tax costs due to the income tax deduction on your personal taxes), etc...

Living Expenses (after tax) \$ _____ (a)

2) Divide your annual living costs by sixty percent (.6) to calculate how much taxable income you need to take home each month to pay your living expenses.

Living Expenses (a) \$ _____ ÷ .6 = \$ _____ (b)

3) Estimate your "net" practice or business income after all expenses (do not deduct your personal income (this number should be your take home income before income taxes or matching payroll taxes)).

\$ _____ (c)

4) Calculate your total pre-tax income.

Pre-tax income from medical practice (c) \$ _____

Any outside pre-tax income (rents, speaking fees) \$ _____

Spouse's pre-tax income \$ _____

Total pre-tax income (add the above three) \$ _____ (d)

5) Subtract living expenses from pre-tax income

Total annual pre-tax income (d) \$ _____

Minus annual living expenses (b) \$ _____

"Surplus" pre-tax earnings \$ _____ (e)

6) Multiply "surplus" pre-tax income times 40% to calculate estimated annual losses to unnecessary income taxes.

\$ _____ (e) X 40% = \$ _____