YEAR-END TAX PLANNING FOR CROSS-BORDER BUSINESSES:

HOW TO AVOID DOUBLE TAX AND KEEP MORE PROFIT

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WELCOME!

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About Me

- I was born in Winnipeg, MB, then lived in B.C. and eventually moved with my family to the U.S.. Now I live in Lynden, WA
- My family moved to the U.S. when my father was transferred for work. His visa allowed my entire family to become naturalized citizens
- I founded Lodder CPA 10 years ago, and now have 18+ years of cross-border tax and accounting experience
- I am a licensed US CPA, but my true passion lies in helping fellow entrepreneurs grow and succeed in the U.S. market

KYLE LODDER, CPA

U.S. Cross-Border Business Tax Strategist

EVERY DECEMBER, WE SEE TWO KINDS OF BUSINESS OWNERS

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The ones who plan—and the ones who pay.

Today's goal: help you be the first kind.

You'll learn how to reduce your 2025 tax bill, avoid cross-border traps, and keep more profit.

WHY Q4 IS OUR FAVORITE SEASON AT LODDER CPA

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Tax filings are (mostly) behind us

This is our season for strategy—not just compliance

Our team is focused on helping clients:

- Set and achieve business and financial goals
- Run high-impact Tax Strategy Meetings
- Spot tax savings + fix inefficiencies before year-end

INSIDE YOUR TAX STRATEGY MEETING:

What to Expect + Why It Matters

- Review year-to-date financials + projections
- Confirm estimated tax payments + flag surprises
- Walk through our Tax Optimization Checklist
- Identify tax-saving moves you can act on now
- Align tax planning with your business growth strategy
- Need help implementing? We’ve got you covered.

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ARE YOU MAKING ONE OF THESE COSTLY MISTAKES?

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01 Mismatch of cross-border income and foreign taxes → double tax (GILTI/FCTI)

02 Poor transfer pricing implementation → missed optimization across countries

03 Skipping bracket planning → paying higher rates in future years

04 State tax exposure → missed filings, penalties, or overpayment

05 Entity structure is outdated → doesn't match how the business now operates

06 Missed year-end planning window → lost deductions or phase-out issues (like QBID)

07 Tax strategy disconnected from business goals → poor advice or missed opportunities

LET'S DIVE IN: HIGH-IMPACT STRATEGIES TO CLOSE OUT THE YEAR STRONG

Fix cross-border inefficiencies before they cost you

Lock in smart deductions before they expire

Align income + tax rates across borders

Prepare for 2026 and beyond

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REAL-WORLD EXAMPLE:
Cross-Border Strategy That Saves

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- Canadian owners with U.S. subsidiary in California
- $600K U.S. net profit taxed at ~28%
- No Canadian income declared
- No cross-border tax strategy
- No U.S.-Canada business tax optimization
- We review structure and see tax inefficiencies
- We implement a transfer pricing strategy
- We shift $150K of profit to Canada
- Result: ~$25,000 in annual corporate income tax savings + $7,500 dividend withholding tax savings

REAL-WORLD EXAMPLE:

U.S. Seller Expanding Into Canada

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- U.S. S-corp sells flowers online + opens Canadian facility
- Canadian corp taxed at higher rates (not eligible for small business rate)
- Also subject to U.S. GILTI (now called NCTI) — double tax risk
- Strategy: Use transfer pricing to shift income back to U.S.
- Result: Lower total tax + avoids GILTI-based double tax
- Also timed U.S. sales push to secure full 20% QBID deduction and ideal tax bracket of 24% with average tax rate being about 13%

BONUS VS. SECTION 179:

Which Deduction Strategy Works for You?

- Bonus depreciation gives you an immediate full write-off—ideal for high-income years
- Section 179 lets you choose what and how much to deduct
- Only U.S.-situs property qualifies—foreign assets aren't eligible
- For some, pushing income too low today creates higher tax later
- Your structure and income mix determine what works best

PLANNING INSIGHT

Use depreciation strategically to smooth income, not just wipe out taxes.

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WHY ZERO TAX ISN'T ALWAYS SMART:

Understanding Tax Bracket Strategy

- U.S. has **7 individual tax brackets** ranging from **10% to 37%**. *Business income earned through an S-corporation, LLC or partnership is generally taxed at these rates.*
- Wiping out income this year might push you into high brackets next year
- Best strategy? Fill up lower brackets every year
- Tax bracket planning saves more over the long run

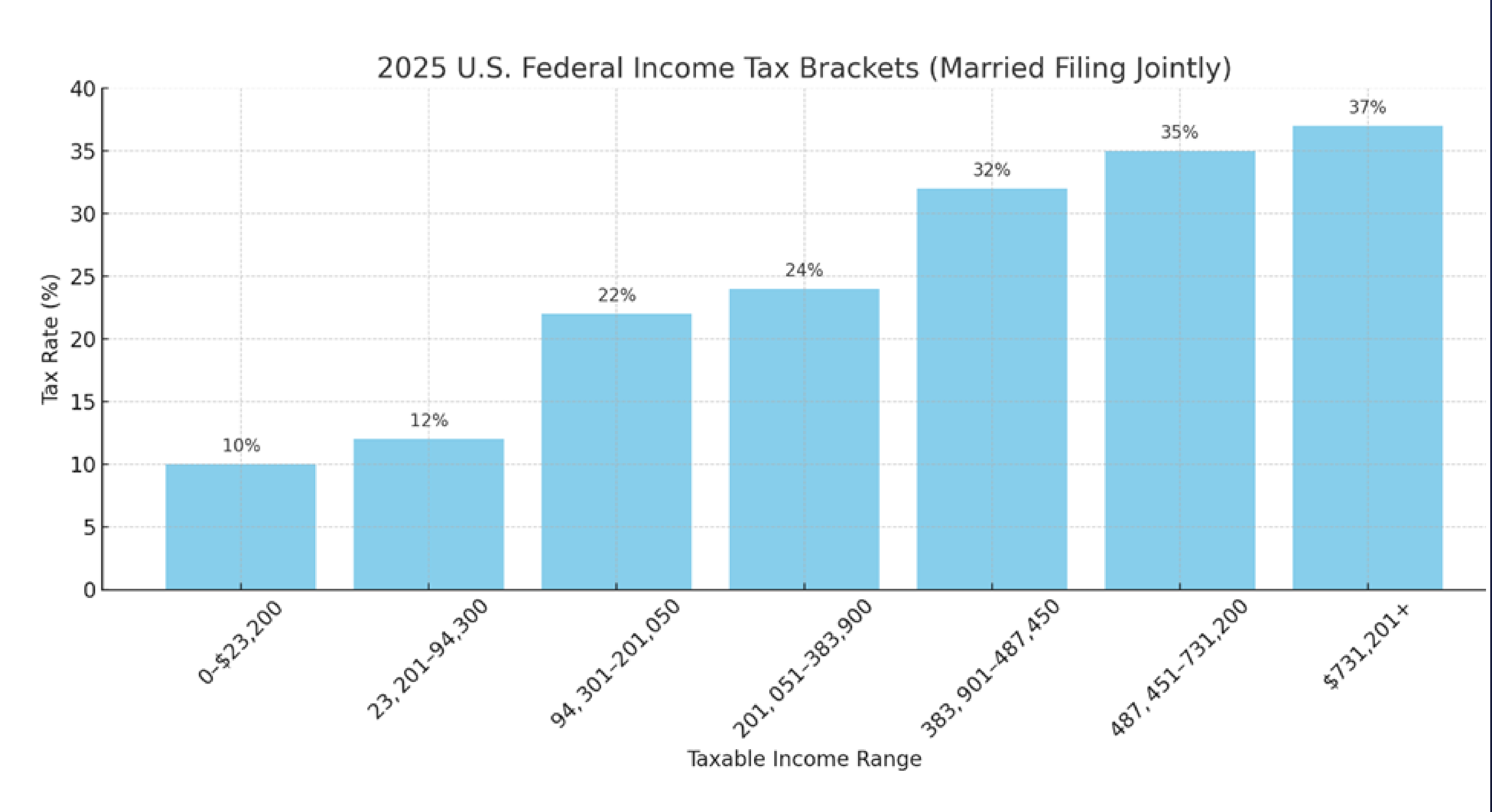

Chart: 2025 Income Tax Brackets (MFJ)

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C-CORP PLANNING FOR HIGH-INCOME OWNERS

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- Passthrough income taxed at up to 37%
- C-Corp income taxed at flat 21%, then dividend tax on remaining
- Effective tax rate if you distribute everything: ≈ 35.85% = 21% corporate + 15% dividend on after-tax dollars (+3.8% NIT may apply for some)

Why consider a C-Corp?

- Keep more capital to reinvest in U.S. business
- Benefit from deferral if you don't need the cash now
- Use as a family management company
- Fund 401(k) or defined benefit plans ($150K+ deductible)
- Use corp to lend to other ventures
- Add family shareholders for tax efficiency

WHY YOU MIGHT OWE U.S. TAX ON FOREIGN CORPORATE PROFITS

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- U.S. citizens/residents who own non-U.S. corporations are subject to special tax rules
- Foreign companies may pay local corporate income tax, but not distribute profits to the owner
- U.S. anti-deferral laws (NCTI/GILTI, PFIC, Subpart F) treat those profits as if paid to you
- That creates something comparable to a "deemed dividend" — and triggers U.S. personal tax
- But since no actual dividend was paid, you don't get a foreign tax credit

***RESULT:** You pay U.S. tax now, and foreign tax later — no credit either way. That's double tax.*

HOW TO STOP THE DOUBLE TAX BEFORE IT STARTS

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- Consider a Section 962 Election to access corporate-level benefits + FTCs
- Use the High Tax Exception to escape NCTI if foreign rates are high enough
- Plan strategic dividends or wages to trigger credits + reduce mismatch
- Think ahead: What do you want to pay tax on now... and what do you want to defer?

IS YOUR ENTITY STRUCTURE STILL THE RIGHT FIT?

Tax laws have changed — especially under the OBBBA. Permanent deductions + new credits = powerful long-term planning opportunities

Your business strategy has evolved — and tax strategy must align

Net business income & investment needs have shifted

Your goals and focus may have changed since formation

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IS YOUR ENTITY STRUCTURE STILL THE RIGHT FIT?

International trade and tariffs have reshaped operations

Your immigration or residency plans may now be a factor

Your end game may be different

Entity type, combinations, and ownership often unlock the biggest tax savings

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OPTIMIZE BEFORE YEAR-END:

Your Cross-Border Tax Checklist

- Review your 2025 financials and clean up your accounting
- Estimate year-end profit across all countries and entities
- Identify deductible expenses + business investments before Dec 31
- Project where taxable income will land for each company
- Review your entity structure — still right for your 1, 3, 5-year goals?
- Be clear on your business strategy. Align with tax strategy
- Take this information to implement tax savings opportunities. Take advantage of the free Tax Optimization checklist.
- If you want our assistance, schedule a discovery call before the calendar flips.

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IS YOUR ACCOUNTANT HELPING YOU STRATEGIZE?

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If your U.S. tax accountant is just filing returns and not helping you:

- Avoid double tax
- Use bracket smoothing + rate arbitrage
- Align tax planning with your business goals

...it might be time for a change.

You deserve more. You deserve a strategic financial partner who helps you:

- Save tax
- Grow profitably
- Reach your biggest goals — faster than expected

At Lodder CPA, we always ask:
What are you stuck on?
What goal are you reaching for?

Let us help you get there—smarter, faster, and with fewer surprises.

READY TO MAXIMIZE YOUR TAX POSITION?

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Book Your Year-End Tax Strategy Call — before the clock runs out.

You'll walk away with a concrete plan to reduce your 2025 tax bill and align your structure for growth.

- We're booking through mid-December—spots are limited.
- Most clients uncover at least one five-figure savings opportunity during this session.
- Links to book (will be dropped in the chat + email follow-up)

READY TO MAXIMIZE YOUR TAX POSITION?

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Book a Discovery Call

YOUR QUESTIONS, ANSWERED

Got questions about your specific setup or a tax strategy?

We're here to help—ask anything that's on your mind.

- Drop your questions in the chat
- We'll hit common year-end questions too
- We'll keep it tight—but if your question is complex, we'll follow up 1:1.

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THANKS FOR JOINING US — LET'S KEEP YOU MOVING FORWARD

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Thank you for showing up for your business today.

This is how you keep growing. Here's what to do next:

- Book your year-end tax strategy session
- Not yet a client? Schedule a discovery call today
- Referral partner? Let's connect and support your clients
- Follow Kyle on LinkedIn for weekly tax-saving tips
- Watch for your invite to our next client briefing

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THANK YOU!

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