

# THERAPIST TAX SAVINGS BLUEPRINT

How to Spot Hidden Deductions, Reclaim Your Time, and Avoid  
Overpaying the IRS

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### Disclaimer:

*This Blueprint is for educational purposes only and does not constitute legal, financial, or tax advice. Every practice is unique. Before making changes to your tax or financial strategy, consult a qualified professional.*

# 1. Welcome & Why This Blueprint Exists

Thanks for grabbing this Blueprint!

I created it for therapists in private practice who want to stop overpaying the IRS and start keeping more of what they earn. These aren't cookie-cutter tips from TurboTax or the "40–60% of profit" rule your accountant might mention. These are therapist-specific insights, backed by real numbers and over 20 years of experience working with small business owners.

I've specialized in personal service businesses for years — and I chose to focus on therapists for a very personal reason. My son has been working with his therapist since he was just 4 years old, after losing his mom in an accident when he was very young. I've seen firsthand how vital therapists are. You take care of people's lives and well-being. This Blueprint is my way of helping protect yours.

My goal is simple: give you clarity, show you where money might be slipping through the cracks, and help you feel more confident with your finances.



## 2. The Tools You've Unlocked

By downloading this Blueprint, you've unlocked three free tools — plus a bonus.

- **Therapist Tax Write-Off Checklist**

Most therapists miss at least 3–5 deductions each year. This checklist helps you catch the big ones:

**20 TAX DEDUCTIONS  
THERAPISTS OFTEN MISS**

- Health insurance premiums (yes, those count!)
- Mileage for business-related activities
- Home office expenses (calculated correctly)
- Continuing education
- Supplies, subscriptions, and software

- **Time & Revenue Loss Calculator (Interactive)**

On average, therapists lose over **65 hours a year** to administrative work — scheduling, billing, chasing paperwork. This calculator shows how much time and money you're leaving on the table. For most therapists, it's the difference between working another full week with patients... or taking that week back for vacation, rest, or family.

- **S Corp Salary Strategy Calculator (2-in-1)**

This is the most powerful tool in the set. It works in two different ways:

1. **LLC not yet an S Corp?**

- If your practice profits are **\$60,000–\$80,000+**, you could be overpaying around **\$10,000 each year** in taxes.
- Stay in practice 20 years? That's **\$200,000** lost to the IRS.

2. **Already an S Corp?**

- If you're **overpaying salary by \$40,000**, that's about **\$8,000/year** wasted. Keep that up for 10 years, and you've donated **\$80,000** to the IRS.
- If you're **underpaying salary by \$20,000**, the IRS can reclassify distributions as wages. That adds back about **\$4,000/year** in taxes owed — and since they usually audit in **3-year cycles**, you're looking at **\$12,000** owed, plus interest and penalties.



### 3. What Is Reasonable Compensation?

The IRS requires S Corp owners to pay themselves a “reasonable salary” — which means what you’d earn for the work you actually do in your business.

Anything above that salary can usually be taken as a **distribution**, which is not subject to payroll taxes. That’s where the savings come from.

Here’s the problem: many accountants guess at this number using the “**40–60% of profit**” rule. That shortcut has no legal standing. The IRS actually looks at:

- Your role(s) in the business
- Market wage data for those roles
- Hours worked
- Proficiency in those roles



That’s what creates a defensible, reasonable salary — and that’s exactly what the S Corp Calculator models.

## 4. Salary by State – Why Location Matters

The IRS doesn’t treat every therapist the same. Location plays a big role in what counts as “reasonable salary.”

Location	Hourly Rate	Hours (max 2,080)	Annual Salary
National Avg	\$31.02	2,080	\$64,521
California	\$31.02	2,080	\$64,521
Texas	\$22.22	2,080	\$46,218
Pennsylvania	\$31.40	2,080	\$65,312
Florida	\$24.42	2,080	\$50,794

*Note: The IRS caps annual hours at 2,080. If you work fewer hours, salary should scale down. If you work more, it doesn’t go above that cap.*

Licensure, specialty, and proficiency can shift these numbers significantly.

## 5. The “Many Hats” Secret (and Proficiency)

As a practice owner, you don’t just wear one hat. You’re not only a therapist — you’re also your own admin, bookkeeper, and manager. Each role has its own pay scale, and the IRS expects your salary to reflect this split.

But here’s the second layer: **proficiency matters.**

It’s not about what you *think* you’re worth. It’s about where you’d rank in a room of 100 people doing the same job — novice to expert. That’s how the IRS expects proficiency to be factored in.

### Mini Case Story: Example only – for illustration purposes

One business owner I worked with was paying himself **\$180,000/year**. Using the many hats method, we reduced that to **\$105,000**.

But here's the kicker: he had graded himself at "expert" for roles where he was really closer to average. Once adjusted, his salary dropped again to **\$74,000**.

That two-step correction created an estimated **\$19,000/year in tax savings**.

That's not typical for everyone, but it's more common than you'd think. And it shows how there are **layers to getting reasonable salary right**.



## 6. Your Next Step – Free Tax & Profit Checkup

The tools and insights in this Blueprint give you a strong head start. But every practice is unique — and the only way to know if you're truly overpaying the IRS is to look at your actual numbers.

That's why I **set aside just 5 free 30-minute Tax & Profit Checkups each month**.

On this call, we'll:

- Review your most recent tax return (PDF)
- Review your Profit & Loss statement (I work primarily with QuickBooks Online)
- Check your salary strategy for potential savings

**Worst case:** you leave with a rough estimate of where your salary stands and peace of mind.

**Best case:** you uncover thousands in potential tax savings and specific steps to improve.

[\[Click here to see if a spot is open this month\]](#)

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