Inception Financial

Case Story: Entertainment Executive Company Sale

Nick is an entertainment industry executive living in Southern California who owned a successful production company. He was receiving income through his C Corp – which had been established as a personal service corporation (PSC). A personal service corporation is not entitled to any graduated tax rates on its taxable income, and thus all of its income is taxed at the highest corporate tax rate of 35 percent. Nick was being taxed at both the corporate level and on dividends.

Nick and his wife established an LLC to purchase solar assets and began participating in Inception's solar tax credit strategy in 2020. To date, has redirected $6.9 million in tax payments into solar asset ownership.

- In 2020, Nick and his wife redirected $1.2 million in tax payments, carrying back $1.1 million to 2019, and received a tax refund check for that $1.1 million.
- In 2021, the couple's LLC purchased an additional $600,000 in solar assets, and continued to accrue additional tax credits and depreciation for his solar holdings.
- Then, in 2022, Nick had an equity event, selling a stake in the production company. To mitigate the tax implications of the sale, he redirected $3.6 million of his earnings into solar asset ownership.
- The the income from the sale continued for an additional two years through royalty payments. To reduce taxes on the royalties, he redirected another $780,000 in 2023 and $700,000 in 2024 to purchase solar projects.
- Because some of his income was taxed at long-term capital gains rates, Nick and his wife have been able to achieve a blended tax savings of more than 16% across their entire portfolio. In 2022, their single-year savings approached 21 percent. They have saved more than $1.25 million.

The couple's asset portfolio is managed by Inception's technical services team to ensure trouble-free operation. Inception has also worked seamlessly with their CPA to provide the information they needed to file. The result has been a risk adjusted tax savings that continues to deliver meaningful results, year-over-year.