

# Tax reduction strategies for wholesale distributors companies

10 strategies that can help save your wholesale distributors business serious amounts of tax each year.

1. **Utilize tax credits:** Wholesale distributors may be eligible for tax credits, such as the Research and Development (R&D) tax credit or the Work Opportunity Tax Credit (WOTC).
2. **Deduct business expenses:** Wholesale distributors can deduct ordinary and necessary business expenses, such as rent, utilities, and supplies, from their taxable income.
3. **Use inventory accounting methods:** Wholesale distributors can use different inventory accounting methods, such as first-in, first-out (FIFO) or last-in, first-out (LIFO), to manage their inventory and reduce their taxable income.
4. **Track sales tax:** Wholesale distributors should track sales tax on purchases and sales and ensure they are collecting and remitting the appropriate amount of sales tax to the relevant tax authorities.
5. **Consider tax-efficient business structures:** Wholesale distributors may benefit from structuring their business as a limited liability company (LLC) or S corporation to reduce their tax liability.
6. **Invest in equipment and assets:** Wholesale distributors can take advantage of tax incentives, such as bonus depreciation and Section 179 expensing, when investing in new equipment and assets.
7. **Pay estimated taxes:** Wholesale distributors should pay estimated taxes throughout the year to avoid underpayment penalties and interest charges.
8. **Utilize the home office deduction:** Wholesale distributors who use a portion of their home for business purposes can deduct a portion of their home expenses, such as rent or mortgage interest, property taxes, and utilities.
9. **Take advantage of state tax incentives:** Wholesale distributors may be eligible for state tax incentives, such as tax credits or exemptions, for investing in certain areas or hiring employees from designated groups.
10. **Work with a tax professional:** Wholesale distributors can benefit from working with a tax professional who can provide guidance on tax planning, compliance, and strategy.

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Saving on tax is easy. Just book a call with us and we'll take care of it for you. Imagine what you could do with all that money saved. [Click below to book a call with us now.](#)

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## Who We Are

Edgar Gomez is a Certified Public Accountant with over 15 years of experience in tax, accounting, and advisory services. He works with a wide variety of small businesses but specializes in serving the accounting needs of the construction & specialty trades, trucking industry, wholesale distribution, and individuals working in professional services. Reach out and chat with Edgar today.

