

FOREWORD BY **ROBERT T. KIYOSAKI**

Author of International Bestseller *Rich Dad, Poor Dad*



THE
**WIN-WIN
WEALTH
STRATEGY**

7 Investments
the Government
Will Pay You to Make

TOM WHEELWRIGHT, CPA

WILEY

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Praise for *The Win-Win Wealth Strategy*

“Tom Wheelwright is an expert at making complex financial concepts simple. He walks you through each investment in a way that's easy to understand — and easy to implement in your own plan. If you're serious about building wealth, *The Win-Win Wealth Strategy* needs to go on your must-read list immediately.”

— **Anik Singal**,
Founder and CEO of Lurn.com

“Everyone deserves the opportunity to build wealth for themselves and their communities. *The Win-Win Wealth Strategy* levels the playing field by unveiling the worldwide tax code secrets that the rich already know. If you have the heart of an entrepreneur, it's time you learn these secrets, too.”

— **Marco Antonio Regil**

“The tax code can either be a minefield or a treasure map. Most tax strategists focus on keeping you from harm. Tom Wheelwright shows you how to follow the tax code to get richer. In what is sure to be another best-seller, Tom's *The Win-Win Wealth Strategy* reveals not just one or two, but *seven* strategic investments the tax code rewards investors for making . . . and the why and how to make them work for you.”

— **Russel Gray**,
Co-host of The Real Estate Guys Radio Show

“In *The Win-Win Wealth Strategy*, passionate CPA Tom Wheelwright opens a world of tax savings... figuratively and literally. You'll not only learn a ton, but you'll also glean actionable steps to immediately put the tax code on your side. Don't read this book to save taxes...read this book to become wealthy.”

— **Robert Helms**,
Co-host of The Real Estate Guys Radio Show

“*The Win-Win Wealth Strategy* is perfect for anyone interested in a new way of thinking about wealth. I wish I'd had this book when I first started working. It would have saved me A LOT of money.”

— **Buck Joffrey**,
Founder, WealthFormula.com

“Anyone who thinks tax incentives are immoral will change their mind after reading this book. The truth is: Tax incentives work. This book explains why they work for the government and, most importantly, how they can work for you.”

— **Josh Lannon**,
Co-Founder and CEO, Warriors Heart

“Tom Wheelwright is the master teacher when it comes to taxes. In this book, investors will experience an important and valuable shift in context — from viewing government tax policies as a wealth killer to viewing them as a wealth enabler. *The Win-Win Wealth Strategy* is a game changer for investors!”

— **Andy Tanner**,
Best-selling Author of *401(k)aos*, Founder, Tanner
Training

FOREWORD BY **ROBERT T. KIYOSAKI**

Author of International Bestseller *Rich Dad, Poor Dad*

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**7 Investments the Government Will
Pay You to Make**

TOM WHEELWRIGHT, CPA

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For my sons, Max and Sam

*I dedicate this book to you with the hope that you continue
your financial education so that you may achieve your
dreams.*

Also by Tom Wheelwright...Tax-Free Wealth

WealthAbility CTAs

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Foreword

by Robert Kiyosaki

Most people hate taxes...

but not Tom Wheelwright.

That's why he is my personal tax advisor and CPA. Tom's love for the subject of taxes is why I trust him to understand every incentive in the Tax Code — and use them to reduce my taxes while increasing my wealth. Tom's love of taxes is why he knows more about taxes than most people — most other CPAs, certainly, and (I suspect) most government bureaucrats who work for the IRS, America's Internal Revenue Service.

Most people pay taxes first...

but not Tom Wheelwright.

The primary reason so many employees struggle, living “paycheck to paycheck,” is because the taxman always gets paid first. As an employee, I remember opening my paychecks and noticing the taxman had been there before me. As an employee, the taxman always gets paid first.

Most entrepreneurs pay the most taxes...

but not Tom Wheelwright or his clients.

Small business entrepreneurs pay a higher percentage in taxes than employees, and most small entrepreneurs don't reserve enough of their profits to cover their taxes.

My rich dad's CASHFLOW Quadrant, pictured below, explains the differences between employees and small business entrepreneurs when it comes to taxes:

TAX PERCENTAGES PAID PER QUADRANT



E stands for employee

S stands for self-employed, specialists, such as doctors and lawyers, and small business entrepreneurs.

B stands for Big Business with 500 employees or more

I stands for *Inside* Investor.

These tax percentages, defined by quadrant, are pretty consistent throughout most of the Western, capitalist world.

Most **E**s and **S**s invest from the “outside.” They invest in “public investments” such as stocks, bonds, mutual funds, and ETFs. Investors in the **I** quadrant invest in “private investments” available only to insiders.

Tom's first book, from the Rich Dad Advisor Series titled *Tax-Free Wealth*, is essential reading and study if you want to make more money and pay less in taxes, even no taxes... legally.

Interestingly, according to Tom, the biggest tax cheats are small business owners in the **S** quadrant. If I were paying 60% in tax, I could understand. But you do not have to be a tax cheat if you read Tom's books and my Rich Dad books.

The reason so many millions of people are tax slaves is because they followed my poor dad's advice:

“Go to school, get a job, work hard, pay taxes, buy a house, get out of debt, and invest for the long term in a well-diversified portfolio of stocks, bonds, mutual funds, and ETFs.”

People who have these words of advice imbedded in their brain become the tax slaves of the government. They are silent partners with the government. They simply allow the government to take a percentage of every dollar they earn.

As my rich dad used to say:

“If you think education is expensive...try ignorance.”

Is Tom Wheelwright's tax advice legal?

It is. In fact, emphatically so. Not only is Tom's tax advice legal, it's also advice that mirrors what the tax law and lawmakers anticipated when they created the incentives in the Tax Code — do what the government wants done and receive tax benefits in exchange.

Tom teaches that “**Bs** and **Is** do not need to cheat in order to pay less in taxes.” Tom teaches, “Tax laws are government incentives for **Bs** and **Is** to assist the government by doing what the government wants and needs done. For example, the U.S. government offers tax

incentives to real estate investors and oil investors. The government needs energy and housing, hence offers 'tax-incentives' for taxpayers who invest from the **B** and **I** quadrants. **Bs** and **Is** are active partners with the government."

Tom's books are filled with many "tax facts" for pro-active entrepreneurs and investors on how to reduce taxes while creating wealth. If you are a patriot and want to do what the government wants done — creating jobs, housing, energy, and food — Tom's books are essential reading.

Does Tom's tax advice apply outside the United States? Yes. Tom and I travel the world teaching. In every country we visit, the people we teach learn that their country offers similar tax incentives to investors on the **B**- and **I**-side of the quadrant.

Regardless of the country in which you pay your taxes, Tom always recommends that you seek professional advice for your country's tax laws. His books are guides that will empower you to ask better and more sophisticated questions of your personal tax advisor.

If your personal tax advisor does not know or understand your questions, it might be time for you to seek new, smarter advisors.

In every country we teach in, there are always some people who come up to Tom and say:

"You can't do that here."

I've learned not to argue with idiots. Those who are locked into a mindset and can't appreciate other points of view aren't worth arguing with. Words of wisdom from over 100 years ago...from the great American writer Mark Twain, concur: *"No amount of evidence will ever convince an idiot."*

Rather than argue with idiots in front of thousands of people, Tom just respectfully nods his head silently...and moves on to the next person.

Tom was following another bit of wisdom from Mark Twain:

“Never argue with a fool...onlookers may not know the difference.”

If you are ready to earn more money and pay less taxes, legally, Tom can teach you how to use tax incentives to your advantage and this book is for you.

Because some people see the inevitability of two things: death and taxes.

...but not Tom Wheelwright.

Robert Kiyosaki
Entrepreneur, Investor and Author
of the international bestseller *Rich Dad Poor Dad*

Preface

On September 26, 2016, in a nationally televised debate between the two major party candidates for U.S. President, Hillary Clinton accused Donald Trump of not paying taxes. In response, Donald Trump famously said, “That's because I'm smart.” On September 27, 2020, almost exactly four years later, *The New York Times* printed a story claiming that President Trump had not paid taxes in 10 out of 15 years. In two of those years, he only paid \$750 in taxes. People were outraged, but President Trump is not alone in paying next to nothing in taxes. In fact, it's common for the rich.

For years, the richest people and companies in the world have paid little to nothing in taxes. Amazon, one of the largest companies in the world, paid nothing in federal income tax for 2017 or 2018 despite reporting pre-tax income of \$3.8 billion and \$11.2 billion,¹ respectively. In fact, they received refunds of \$137 million in 2017 and \$129 million in 2018! In 2019, they only paid \$162 million² of federal income tax despite reporting pre-tax income of \$13.9 billion. Through the end of 2020, Tesla, the leader in the electric car revolution, has never paid U.S. Federal income tax, despite a valuation as one of the largest companies in the world.³

This begs two questions. First, is it legal to pay little to nothing in taxes? Second, if it is legal, how can it be so? Are the rich simply finding inadvertent loopholes? Are lobbyists paying off the politicians for these tax benefits?

It turns out that these tax benefits are actually incentives — intentional policy decisions designed to encourage investments. All developed countries with income tax laws

provide similar incentives, and knowledgeable business owners and investors, like former President Trump, Amazon, and Tesla, use these incentives to reduce or eliminate their taxes *legally*.

This book analyzes these tax policies from a practical perspective. This will not be an academic analysis. I do have a Bachelor of Arts in Accounting and a Masters of Professional Accounting with an emphasis in tax, and I was an adjunct professor in the Masters of Tax program at Arizona State University for 14 years, and spent three years in the National Tax Department of Ernst & Young. But I've spent most of my career as an advisor to companies and individuals related to their tax obligations and wealth creation. In short, I help people and companies pay little to nothing in taxes. And that's as practical as it gets.

As I wrote in my first book, *Tax-Free Wealth*, governments have long used the tax laws to incentivize certain behaviors. Using the tax laws in this way has come under severe scrutiny by many, including the European Union, Senator Bernie Sanders, Senator Ted Cruz, and others. The arguments against using the tax code as incentives generally range from including a broad-based flat tax or a global minimum tax to ensuring wealthy individuals and companies pay at least some tax. Ironically, some of the most vocal critics, including President Joe Biden, continue using the tax laws as incentives. Many of those who complain about the current tax structure just want to change which activities are incentivized, such as moving from primarily economic incentives to environmental and social incentives. They really don't want to eliminate tax incentives. There is a reason for this: tax incentives work. And governments get as much out of tax incentives as the wealthy who take advantage of them.

Human nature hasn't changed. People will rail against others (read: *the rich*) getting tax incentives but get even more up in arms when their own incentives are yanked away. Just look at the uproar over Americans losing their deduction for state income taxes. (The Democrats in the U.S. Congress, while excoriating the rich and their tax breaks, continue to fight to restore this deduction.)⁴ I've never met anyone who enjoys paying taxes. And very few governments are willing to give up the power and control that come with high marginal tax rates and correspondingly large tax incentives.

This book will teach you that the tax law is the best roadmap to wealth ever devised. This is *not* a book about tax loopholes for the rich. It's about the investments and activities the government wants you to engage in and the tax incentives they provide in exchange. My goal is to raise the level of consciousness and literacy around the biggest expense to individuals and corporations, *and* the largest source of revenue to most governments — income tax.

Notes

- ¹ *The Wall Street Journal*, Markets, [Amazon.com](https://www.amazon.com/annual-income) annual income
- ² Tom Huddleston, Jr., “Amazon had to pay federal income taxes for the first time since 2016 - here's how much,” [CNBC.com](https://www.cnbc.com), Feb 4, 2020
- ³ United States Securities and Exchange Commission, Tesla, Inc. 2020 Annual report, Form 10-K, p. 96, https://www.sec.gov/Archives/edgar/data/1318605/000156459021004599/tsla-10k_20201231.htm
- ⁴ Jim Tankersley and Emily Cochrane, “SALT Increase That Burned Blue States Is Targeted By Democrats,” *The New*

York Times, Dec 19, 2019

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Special thanks to Michael Edden, who conducted massive amounts of research producing tables for 15 different countries. My thanks as well go to Mona Gambetta who made sure this was not a work of fiction.

Introduction

U.S. President John Kennedy proposed the first substantial investment tax credit in 1961. The goal was to spur investment in manufacturing equipment during a U.S. economic downturn. Since then, the use of investment credits and other tax incentives have exploded within the United States as well as in most other developed countries.

Even before investment tax credits, there were business incentives. While individual taxpayers historically receive very few deductions to offset their taxable income, businesses have long deducted their business expenses to offset their income. This is because income tax for businesses, in most countries, is based on *net* rather than *gross* income.

Gross income taxes, like sales taxes, are based on the total amount received, whether or not the taxpayer makes a profit. These taxes are typically passed on to the customer. Net income taxes are assessed only against the company's profits and therefore, become a company expense. A company's profit is defined by the tax law, rather than by generally accepted accounting principles.

Sometimes, tax incentives directly offset a tax liability, such as the investment tax credit or child-care credit. Child-care credits enacted in 2021 in the United States provided up to \$3,600 of direct tax offsets to the income tax of parents. The result for a family of four would be a direct income tax reduction of up to \$7,200. Other incentives indirectly offset taxes through deductions against taxable income. Examples are depreciation and research and development (R&D) deductions, which reduce the income that's subject to tax. At a 30% tax rate, a \$1,000 deduction would reduce a

person's taxes by \$300. In addition to economic incentives, most countries also use tax incentives to encourage certain types of social behavior (e.g., adoption and education credits), environmental protection (e.g., conservation easements and carbon credits), energy production (e.g., fossil fuel and renewable energy deductions and credits), and international commerce (e.g., foreign tax credits).

Governments provide these incentives not only to boost the economy and other programs they support, but also to control the way their economy grows, including sector growth (e.g., agricultural or mining) and the size of the company impacted. For example, in their treatise on research and development tax incentives, The Organization for Economic Co-operation and Development, an intergovernmental collective of 38 countries founded to stimulate economic progress and global trade, specifically said, "The direct funding of industry research — through supports or subsidies — has the advantage of allowing governments to retain control over the nature of R&D conducted."¹

Along the way, the Internal Revenue Service, Her Majesty's Revenue and Customs, Canada Revenue Agency, Australian Tax Office, and other tax authorities around the world have established tax laws that are a roadmap for reducing taxes (sometimes to zero) and building vast amounts of wealth. The wealthy have long used these laws to grow and protect their wealth. You can, too. In fact, with proper education, anyone — rich or poor, young or old — can use this same roadmap to build and protect their own wealth while using their investment funds to finance government-supported programs.

And that's what this book is all about.

Note

1 Office of Economic Cooperation and Development (OECD), "Tax Incentives for Research and Development: Trends and Issues", 2002

Chapter 1

Partnering with the Government

“Play by the rules but be ferocious.”

—Phil Knight

My first full-time job was with Ernst & Whinney (today Ernst & Young) in its Salt Lake City office. With a master's degree from the University of Texas in hand, I soon learned that even in accounting firms, there were office politics. I was an extremely ambitious young accountant, and if there were office politics in play, then I was going to win. I didn't like office politics or make the rules of the game, but everyone was in the game, whether they wanted to play, or not.

I remember telling my manager at the time, “If I have to play the game, I might as well win it.” Within two years, I joined the firm's prestigious National Tax Department in Washington, DC. Thousands had applied, but they only selected five of us to play. I had played the game well and won.

The game of taxes

The game of taxes is like my career at Ernst & Young. While nobody really chooses to “play” the tax game or has much if any control over the rules of the game, we *are* in the game. It's all about how we'll play the game and whether we will win or lose. Since we must play the game, we can choose what kind of player we'll be. Will we be a bench player or an amateur like most taxpayers, or will we be professionals and dominate the field like the rich?

Another way to look at the relationship between taxpayers and the government is as partners. Like it or not, we are all partners with our government. We share a portion of our income in return for services provided. Every time we receive a paycheck, the government takes a portion in taxes. While it's not really a voluntary partnership, it is one nonetheless. There is a famous scene from the sitcom *Friends* where the character Rachel receives her first paycheck. "Isn't this exciting?" she says. "I earned this! I wiped tables for it, I steamed milk for it, and it was totally ... not worth it. Who's FICA? Why's he getting all my money?"¹

The government doesn't really care what kind of partner we are. As a silent partner, we pay our full taxes at the highest rate possible, typically up to 40 percent or more. As an active partner, while doing what the government wants us to do, we can pay very little tax and build massive amounts of wealth at the same time. The government is very keen on encouraging investment in government-favored activities through tax breaks in exchange for us taking the risk of the investment.

To win the game of taxes while participating in socially beneficial activities, you must understand the rules of the game. While some may bend the rules, any professional athlete knows that the best way to be successful on the field is to understand the rules completely and discipline yourself enough to play the game to the best of your ability within the rules.

Few people understand the rules of the tax game. Even the rich don't necessarily understand them. They simply have advisors who do — advisors who know the Tax Code inside and out. They do what these advisors tell them, and they win. The average taxpayers cannot afford such advisors. They must learn the game on their own, and because of

this, they start out at a disadvantage. The government, who creates the tax game, also makes the rules, and knows them well. They have the advantage of a huge team of agents defending the rules and practically unlimited resources to enforce them.

The object of the game of taxes

If you want to win the game of taxes, you need to understand the object of the game. The object is not merely to reduce taxes. **It's to build wealth that will never be taxed.**

By the end of this book, you will clearly understand that building wealth is not something frowned upon by the government. In fact, the government encourages wealth building so long as the wealth is used for government-sponsored activities. The best path to building generational, tax-free wealth is understanding how to best partner with the government. Believe it or not, the government *wants* us to be rich. They know that much of what they want done is best accomplished by taxpayers, not by them. They provide incentives to taxpayers to invest where they want the investments to be made and to accomplish what they want done.

Rules of the Game

- 1. We are all partners with the government.*
- 2. Understand the rules completely and be disciplined enough to play the game to the best of your ability within the rules.*
- 3. The object is not merely to reduce taxes, it's to build wealth that will never be taxed.*

The five goals of every government

Every government has five primary goals:

1. **Keep the peace.** This is not just a function of legal systems, police, and traffic lights. The best way to keep the peace is to prevent uprisings. Uprisings are rooted in people feeling disenfranchised and not being able to meet their basic needs, such as food, clothing, and shelter.² One way to provide for these basic needs is through government handouts. The challenge with direct handouts is that it's a little like eating a candy bar. It satisfies you for a short while but eventually we want another candy bar ... leading to an addiction to sugar and poor health.

Democratic governments historically have stayed away from direct subsidies (with the notable exception of the pandemic subsidies) and have instead encouraged people to get jobs to earn enough to take care of their basic needs, plus surplus for a rainy day. They accomplish this through the private market, encouraging private industry to create enough jobs at high enough wages so people can work to sustain themselves and their families. These jobs are created by three primary sectors: government, large companies (500 employees or more), and small businesses (under 500 employees). In the United States, large and small businesses provide 82 percent of the jobs while the government only provides around 18 percent.³ Most other countries also rely heavily on the private sector for job creation.⁴ [Figure 1.1](#) below shows job classifications in countries around the world.⁵

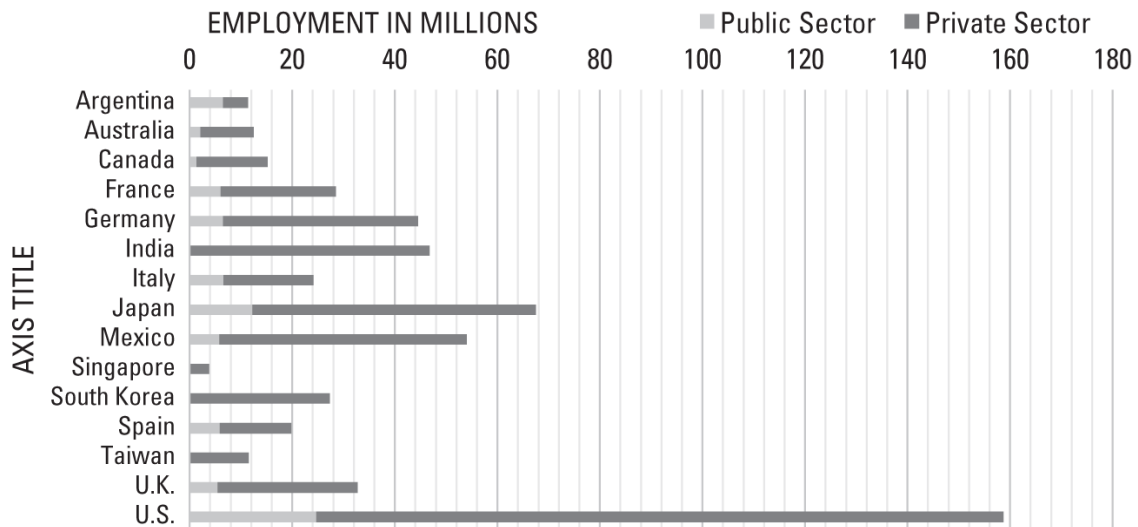


FIGURE 1.1

Government jobs are the least efficient way to provide jobs, as a dollar of cost only produces a dollar of results. Private industry produces many jobs at a much lower cost to the government. The benefit to the government for providing incentives to industries is that it costs much less than direct employment.

2. **Protect the people.** One of the primary objectives of most governments is national defense, and this doesn't apply only to military spending. Energy production is another key to a good defense and a strong economy. The United States has long maintained a policy of creating energy independence, only recently achieving it. Japan purportedly attacked Pearl Harbor because the United States cut off its oil supplies,⁶ and there is strong evidence that Germany lost World War II in large part because of a lack of oil.⁷

Other aspects of defense include agricultural production and cyber-security. In 2020, the cyberattack through the Orion software showed just how seriously governments must treat the national security defenses through technology.⁸ Subsequently,