ClearSky
CPA
Build. Grow. Exit. Minimize Taxes.



CASE STUDY |

STRATEGIC TAX & INVESTMENT ALIGNMENT

When Separate Investments Work Together: $226,000 in Losses Put to Use

How coordinated investment and tax planning helped a business owner utilize previously restricted tax losses.

www.clearskycpa.com

1. The Decision

Over the years, a successful business owner had built a portfolio of real estate, energy ventures, and private partnerships.

Many of these opportunities were presented by investment sponsors with attractive projections, potential tax benefits, and expectations of future income.

But as the portfolio grew, so did the complexity. Some investments weren't producing the expected cash flow. Others generated substantial tax deductions that couldn't immediately be used.

Before making additional investments, the owner needed to understand how everything already owned worked together.

2. What Was at Stake

An investment might offer a significant first-year tax deduction. But that doesn't mean the deduction will reduce the owner's current tax bill.

Depending on the investment and the owner's involvement, losses may be restricted and carried forward for years.

Other investments may generate taxable income without producing the expected cash distributions. And for high-income owners, certain types of investment income can trigger additional taxes.

An attractive investment on its own doesn't necessarily produce an attractive result for the overall portfolio.

Without coordinated planning, the owner risked adding more complexity, unexpected tax exposure, and limited immediate benefits.

3. The ClearSky Approach

ClearSky worked with the business owner to evaluate investment opportunities alongside existing businesses and investments.

Rather than focusing only on potential deductions or projected returns, we examined the broader financial and tax consequences of each opportunity.

We considered how income would be classified, whether losses could be deducted, how existing suspended losses might be utilized, and whether investment income could create additional taxes.

We also evaluated how those consequences could change over time and incorporated the findings into the owner's tax projections.

The question changed from "Is this a good investment?" to "Is this the right investment for everything I already own?"

4. The Outcome

In 2025, the owner's investment portfolio generated sufficient qualifying passive income to utilize approximately **$226,000 in passive investment losses**.

Some of those losses had been carried forward from earlier years, unable to reduce taxable income until the right type of income became available.

By evaluating the investments together, ClearSky helped the owner understand how those losses could be used while considering the broader tax consequences of future investment decisions.

The deductions did not eliminate the economic risks of the investments. But they demonstrated why evaluating investments in isolation can overlook important opportunities and potential costs.



5. The Bigger Lesson

The best investment isn't always the one offering the largest deduction or highest projected return.

An investment needs to make economic sense, but it also needs to fit the owner's existing businesses, investments, and overall tax circumstances.

At ClearSky CPA, we help business owners understand how investment income, losses, tax exposure, and future decisions interact before committing additional capital.

Because smart investing isn't just about finding the next opportunity. It's about understanding how each new decision fits into the bigger picture.

These case studies illustrate specific client circumstances and outcomes. Results vary based on individual facts, timing, and applicable tax laws. Past results do not guarantee similar outcomes. This information is for educational purposes and is not individualized tax, legal, or investment advice.



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