## Advanced Tax Planning: Approximate State Tax %

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Under the Advanced Tax Planning feature there is a way you can model additional tax liabilities and credits that are not captured in other places in the structured income plan so that you can calculate future tax estimates as accurately as possible. This guide will walk you through using the Advanced Tax Planning features. This tool allows you to model additional tax liabilities and credits. By including these details, you can calculate future tax estimates as accurately as possible.

Approximate State Taxes can significantly impact the taxes that are due, but may not be modeled in your income plan.

Below is a hypothetical example of a client with that resides in a state that has a flat state tax of 4% that is not modeled in their income plan.

If you haven't followed the steps to ensure your accounts, incomes, and expenses are setup correctly for Advanced Tax Calculations, see articles:

- Tax Calculation Options: Adding Assets into a Structured Income Plan
- Tax Calculation Options: Adding Incomes and Expenses into a Structured Income Plan

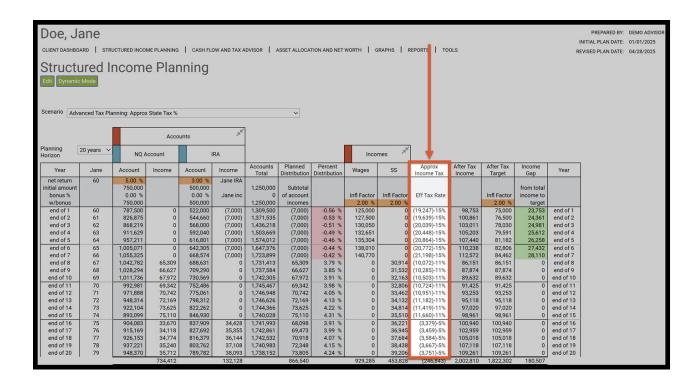
## To learn more about Advanced Tax Planning functions see articles:

- Understanding the Advance Tax Planning Page
- Capital Gains Not in Accounts
- Other Schedule 1 Income: a K1 Hypothetical Example
- Other Schedule 1 Income: An Employer Match 401(k) Hypothetical Example
- Income Adjustments
- Schedule A Override
- QBI Override
- Tax Credits
- Approx. State Tax

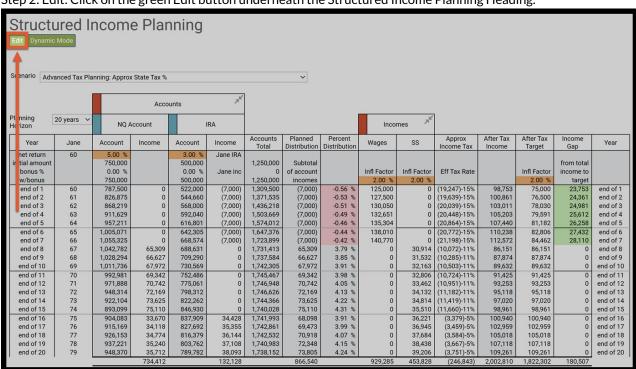
## To learn more about forecasting effective tax rates see articles:

• Part One: Forecasting Effective Tax Rates While the Client is working

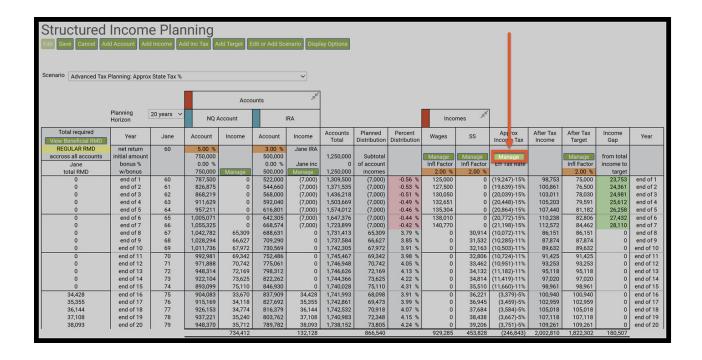
Step 1: Income Tax Column: Note the amounts that are in the income tax column.



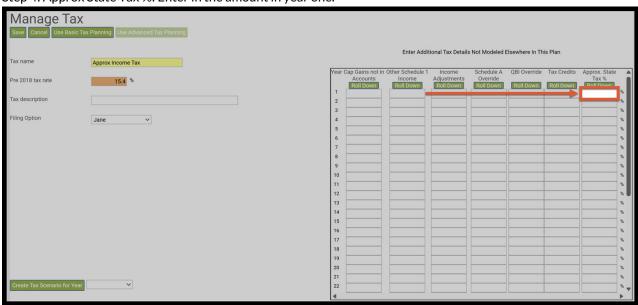
Step 2: Edit: Click on the green Edit button underneath the Structured Income Planning Heading.



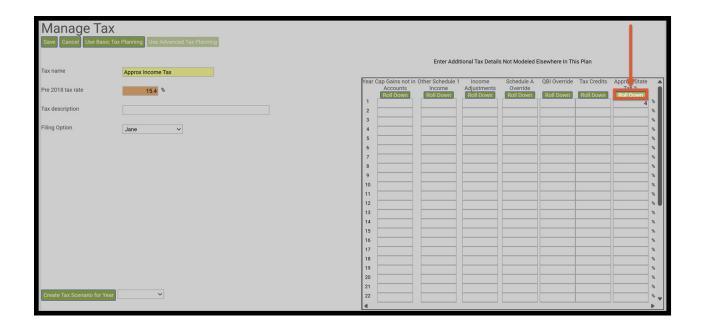
Step 3: Manage: Click on the green Manage button within the Income Tax column.



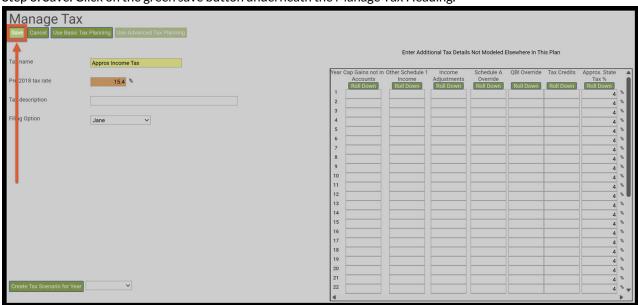
Step 4: Approx State Tax %: Enter in the amount in year one.



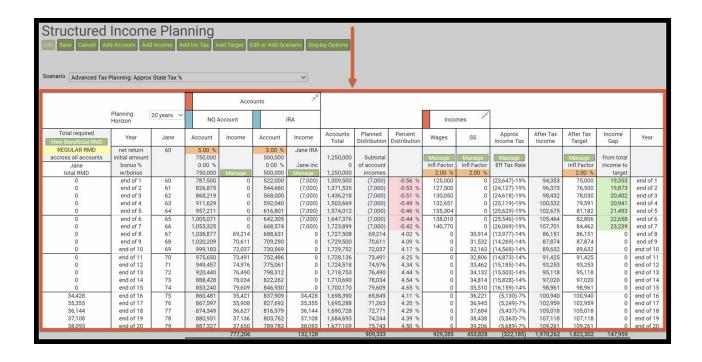
Step 5: Roll Down: Click on the green Roll Down button located in the Approx State Tax % column.



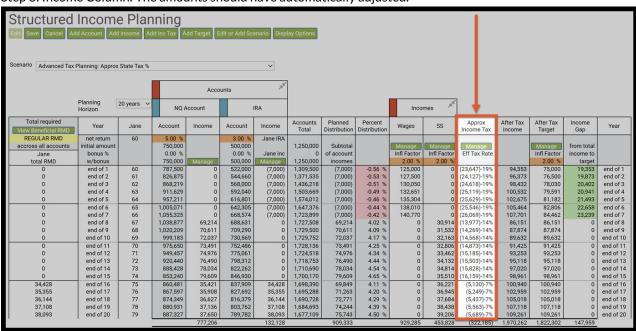
Step 6: Save: Click on the green save button underneath the Manage Tax Heading.



Step 7: Structured Income Plan: SIPS will automatically take you to the Structured Income Planning page.

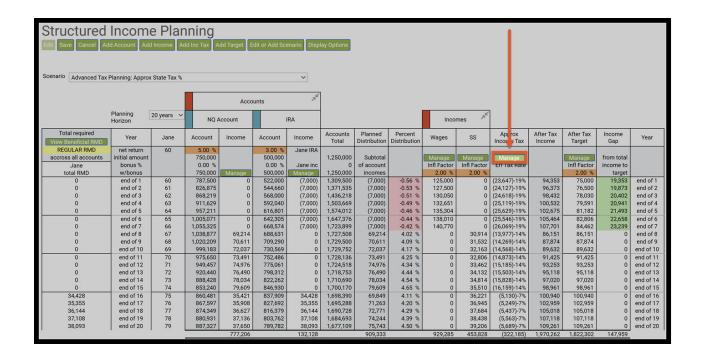


Step 8: Income Column: The amounts should have automatically adjusted.

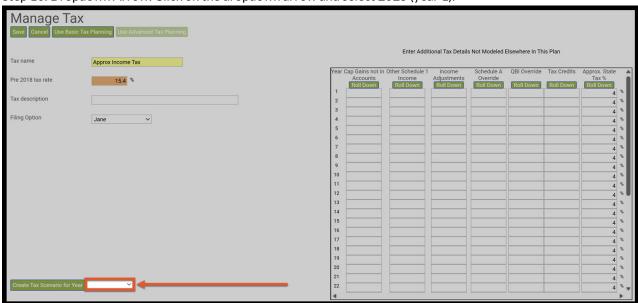


To understand the calculation process, follow the steps below. You will create a scenario in the Cash Flow and Tax Advisor page that has all of the details SIPS uses to calculate taxes for that year.

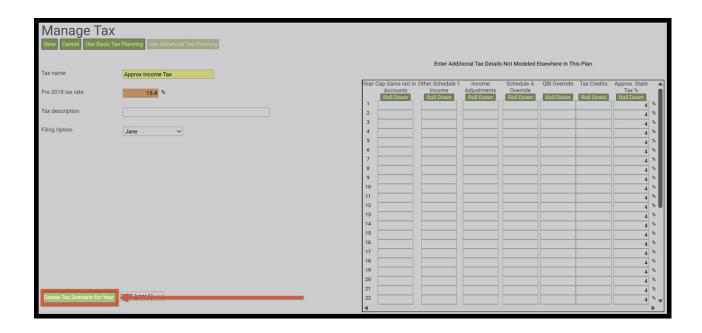
Step 9: Manage: Click on the green Manage button within the Income Tax column.



Step 10: Dropdown Arrow: Click on the dropdown arrow and select 2025 (year 1).



Step 11: Create Tax Scenario for Year: Click on the green Create Tax Scenario for Year button.



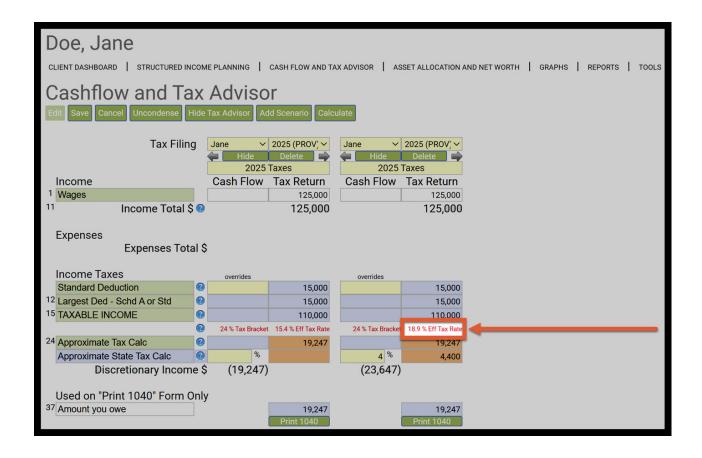
Step 12: Cash Flow and Tax Advisor: You will automatically be taken to the Cash Flow and Tax Advisor page, where the new tax scenario will appear on the right hand side of the screen.



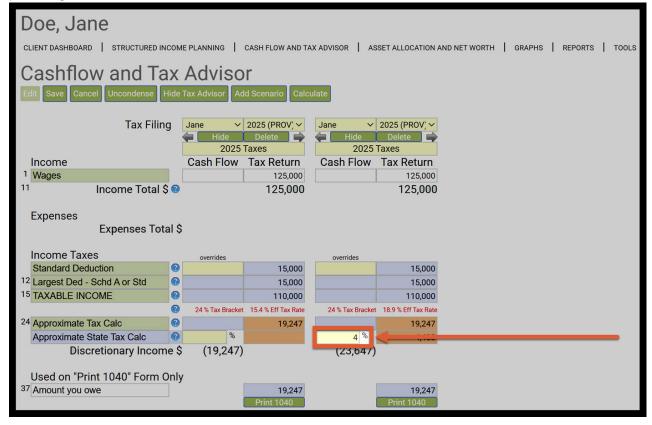
Step 13: Condense: Click on the green condense button underneath the Cashflow and Tax advisor Heading to condense the displayed data.



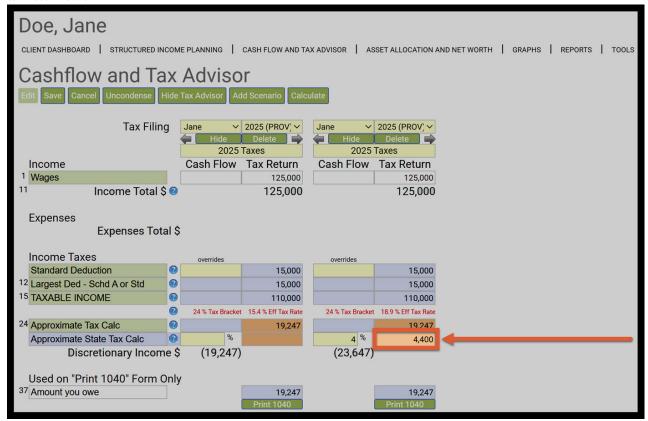
Step 14: Effective Tax Rate: Note the effective tax rate. This rate will be automatically reflected in Year 1 of the structured income plan. The effective tax rate rounded for display purposes.



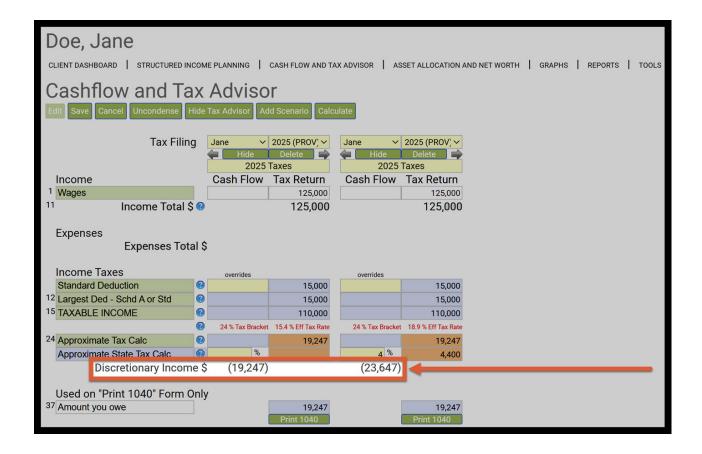
Step 15: Approximate State Tax Calc Cash Flow Text Box: The 4 will have automatically be filtered in the percentage amount text box.



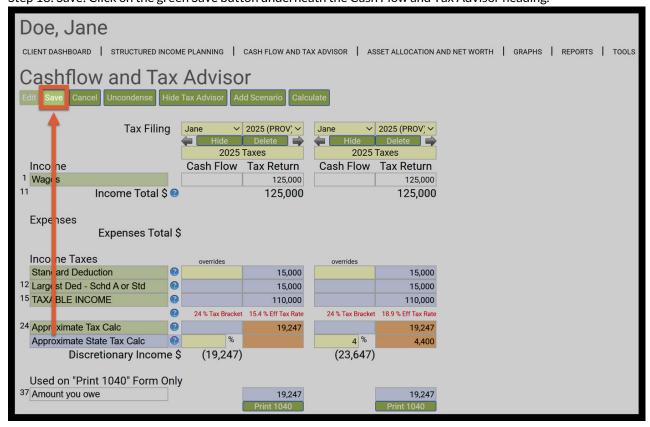
Step 16: Approximate State Tax Calc Tax Return Text Box: The amount will have automatically be filtered into the tax return side.



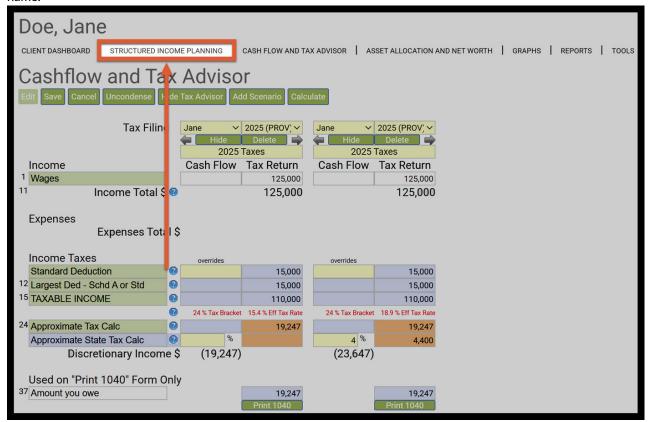
Step 17: Discretionary Income: The amount will automatically be totaled up and shown.



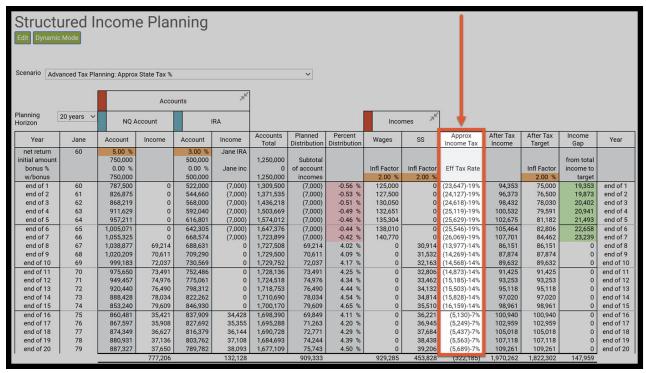
Step 18: Save: Click on the green Save button underneath the Cash Flow and Tax Advisor heading.



Step 19: Structured Income Planning: Click on the Structured Income Planning heading underneath the Clients name.



Step 20: Structured Inome Planning Page: You will automatically be taken back to the Structured Income Planning Page. The effective and approximate tax rates should automatically be changed to the amounts that were configured on the Cash Flow and Tax Advisor page.



If you feel you need more support or would like to set up demo time with one of our representatives, please contact us at: +1-888-449-6917 or support@planscout.com.

To learn more about forecasting effective tax rates see articles:

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