Here's the Tax Beat broadcast for September 17

Subject Line: Guy Math: The Drill That Keeps on Giving

By now you've probably heard of "girl math." That's the playful financial logic that turns a return into a profit or makes anything bought with cash "basically free." Pay for Taylor Swift tickets six months in advance? By the time the concert rolls around, they cost nothing. It's not necessarily "wrong" math. It's "emotional" math. It explains how money *feels* rather than how it *flows.* Accountants everywhere faint when they hear it, but they faint quietly — back into their spreadsheets where they feel comfortable.

Now, let's talk about girl math's brother from another mother: "guy math." The classic example goes like this. If I buy a drill for $100, and I use it to fix something that would have cost me $100 to have a contractor fix, my drill is free. If I then use that drill again to build a shelf, fix a hinge, or assemble the Ikea bookcase that's been haunting the garage for three years, my drill actually starts to *make me money.* In guy math, a tool doesn't just depreciate. It appreciates like beachfront property in Malibu. Forget S&P 500 returns — what's your annualized yield on drywall patching?

It gets better. Every additional project adds phantom value. Did I hang a picture frame straight? Boom — my drill's net worth just went up by $50. Fixed a loose step on the porch? That's another $200 in "avoided contractor expenses." By this logic, my $100 drill is now worth about $8,000, which makes it the single best investment in my retirement plan. Warren Buffett buys value stocks. I buy Black & Decker. Same difference.

What do our friends at the IRS think of guy math? The good news is, the tax man doesn't care about your drill. Buy it, own it, caress it like a newborn — you don't owe tax on it. There's no Form 1099-DRILL showing up in the mailbox. The IRS also doesn't care about the value of the services you perform yourself. If you fix your own leaky faucet, you don't have to impute a wage to yourself and pay payroll taxes. (Although now that I've said that out loud, let's hope no one at Treasury gets any ideas.)

There *is* a wrinkle if you're using guy math inside your business, though. Let's say you own a shop, and you fix the front door yourself instead of calling the contractor. Congratulations, you saved writing a check. But tax law says you just gave up a deduction. If you'd paid the contractor $100, that $100 would've been deductible. Do it yourself, and it's "free," but it's not deductible.

And here's where guy math collides head-on with tax math. In tax world, deductible is good. But in guy world, free is better. Deductible means you still spent the money — you just got a write-off. Free means the cash never left your pocket in the first place. Which would you rather have: a $100 deduction, or a $100 bill still in your wallet? Exactly. Guy math for the win!

Now, of course, the IRS never sends thank-you notes when you fix your own stuff. There's no credit for "self-reliance." No line on Schedule C for "things I MacGyvered this year." All you get is the smug satisfaction of knowing you saved money and kept it out of Uncle Sam's reach. But sometimes smug satisfaction is the best ROI of all.

So here's your tax plan for this week. Keep your drill handy: but keep *us* on speed dial. Guy math makes perfect sense at the hardware store, but tax math still rules the IRS. And if you're not sure how your DIY projects play out on your tax return, call us. We'll help you sort it out — no batteries required.

Kevin