CHANDLER & KNOWLES
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Choice of Entity - Tax Implications

	Sole Proprietorship	Disregarded LLC	"S" Corporation	Limited Liability Company	"C" Corp
Filed on IRS Form:	Schedule C	Sch C, E, F	1120S	1065 "Partnership"	1120
Net Earnings Example: SEE PAGE 2 FOR MORE	$100,000	$100,000	$100,000 $30k / $xxk	$100,000 $30k Guaranteed Pmt	$100,000
FICA TAX (15.3%)	$15,300	$15,300	$4,590	**$4,590**	$15,300
Federal Income Tax	Net Earnings @ Personal Income Tax Rate	Net Earnings @ Personal Income Tax Rate	Net Earnings @ Personal Income Tax Rate	Net Earnings @ Personal Income Tax Rate	**DOUBLE**
Franchise Tax Assessed Once Gross Receipts Exceed $1 plus Million	No	Yes	Yes	Yes	Yes
Home office Deduction	Yes	Yes	No	Yes	No
Legal Protection Provided by Entity Structure **	None **	**Better** **	Good **	**Better** **	Good **
CHARGING ORDER AVAIL		Yes	No	Yes	No
Flexibility re: Capital Distributions	N/A	Yes	Little	Yes	N/A
Basis created by debt of non-owner	N/A	Yes	No	Yes	N/A
Annual Board meetins and minutes required	N/A	No	Yes	No	Yes
Comingling of Funds	Allowed	Not Allowed	Not Allowed	Not Allowed	Not Allowed
Affect on Social Security Benefits	Not Affected	Not Affected	Less	Less	Depends
1040es payments (Qtly) Required?	Yes	Yes	Yes	Yes	Yes

	Sole Proprietorship	"S" Corporation	Limited Liability Company	Limited Liability Partnership	"C" Corp
Filed on IRS Form:	Schedule C	1120S	1065	1065	1120

Net Earnings Example:	$20,000	$20,000 $20k / $xxk	$20,000	$20,000 $20k / $xxk	$20,000
FICA TAX (15.3%)	$3,060	$3,060	**$0**	$3,060	$3,060

Net Earnings Example:	$50,000	$50,000 $30k / $xxk	$50,000	$50,000 $30k / $xxk	$50,000
FICA TAX (15.3%)	$7,650	$4,590	**$0**	$4,590	$7,650

Net Earnings Example:	$75,000	$75,000 $30k / $xxk	$75,000	$75,000 $30k / $xxk	$75,000
FICA TAX (15.3%)	$11,475	$4,590	**$0**	$4,590	$11,475

Net Earnings Example:	$200,000	$200,000 $30k / $xxk	$200,000	$200,000 $30k / $xxk	$200,000
FICA TAX (15.3%)	$23,931	$4,590	**$0**	$4,590	$23,931