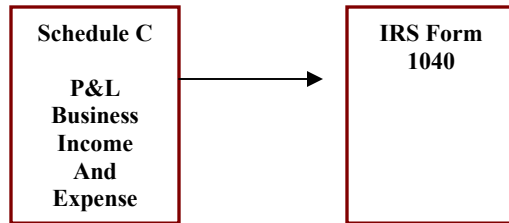


Tax Treatment of Different Business Entities

Sole Proprietorship

Pass-through income or (loss)

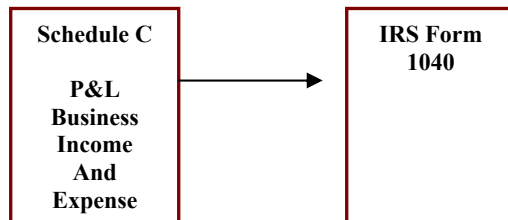


LLC-Limited Liability Company

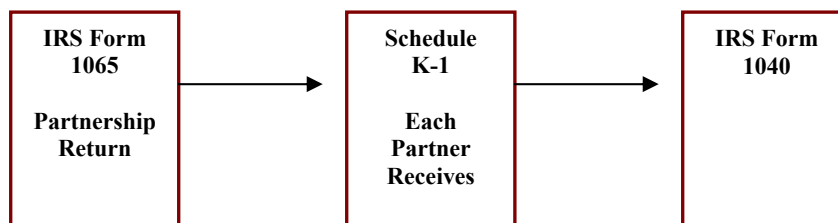
Pass through income or (loss)

There are 3 ways that Limited Liability Companies can file depending on their formation.

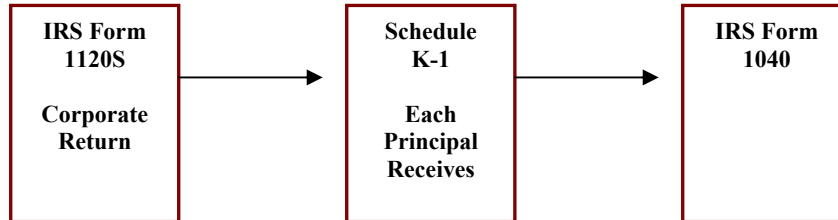
1. **Single Member LLC** –files on a Schedule C just like a Sole Proprietorship above.



2. **Partnership LLC**



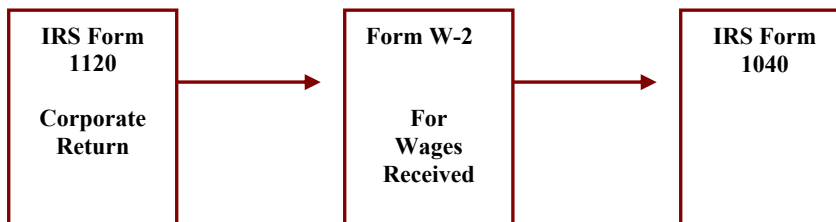
3. Corporate LLC



S-Corporation – files exactly like the Corporate LLC above.
Pass through income or (loss).

C-Corporation

Corporation pays taxes on income at corporate rate; principals (owners) pay taxes on income at their personal rate. Filing as a C-Corp may result in double taxation—once to corporation; twice to principal. Losses may be carried forward and only applied to offset gains. C-Corps make sense when business income is substantial enough to warrant their use.



The purpose of this presentation is informational and explains the tax treatment of various business entities. It is NOT given as legal advice. Neither Freedom Financial Services, FREEDOM FASTax Service, nor their principals or employees are attorneys.

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