



Advantages of Different Type of Legal/Tax Entity

Why Establish a Legal Entity

- Separation of business and personal assets
- Legal protection

Why Establish an LLC

- Simplest form of setup
- Can be set up to be taxed with all four options with IRS

Why Obtain an FEIN with the IRS

- Use FEIN rather than SS#
- May strengthen the limited liability of company

Advantages of Sole Proprietor Status with IRS

- Simple tax return preparation
- Can claim home office expense
- Can possibly write-off out of pocket medical costs through business
- Advantage of hiring your children and not paying SS taxes

Advantages of Partnership and "C" Corp Status with IRS

- None

Advantages of "S" Corporation Status With IRS

- Save money on payroll taxes (self employment taxes)
 - Can be substantial savings
- Requires W-2 payroll process