

Use this check list to help you determine which entity might be right for your small business, and be sure to discuss the results with your tax professional and legal counsel to make sure you have the right structure to fit your business's needs.

Q	LLC	S-CORP
1.	Entire share of the owner's income from the LLC is subject to self-employment taxes. <input type="checkbox"/>	Only the portion of W2 wage or salary earnings paid by the S-Corp to the owner as employment compensation are subject to self-employment tax. <input type="checkbox"/>
2.	An LLC is flexible in how profits losses can be distributed among members <input type="checkbox"/>	Income, losses, and distributions are assigned according to the proportion of share ownership <input type="checkbox"/>
3.	No restrictions on membership and business can have an infinite number of members. <input type="checkbox"/>	Maximum of 100 shareholders who must be natural persons, or a limited set of other entities. <input type="checkbox"/>
4.	Some business such as real estate property ownership naturally lend themselves to LLCs. <input type="checkbox"/>	S-Corps can be beneficial for a variety of types of business industries where a large benefit comes from avoiding a large amount of self-employment tax. <input type="checkbox"/>
5.	LLCs are easy for newly starting business to form, and are very flexible to change into other entities as the business grows. <input type="checkbox"/>	Converting from a corporate entity is generally a liquidation event and can therefore have large tax consequences. <input type="checkbox"/>
6.	Heirs enjoy a step up in basis to fair market value of membership interest, and property assets of the LLC upon the death of the member <input type="checkbox"/>	Heirs enjoy a step up in basis to fair market value upon the death of the shareholder. <input type="checkbox"/>