

Business Entity Options

Type of Structure	Separate Business Return	Income Reported on Form 1040	Liability Protection	Legal Setup and Maintenance	Owner Wage (W-2) Payments	Owner Non-Wage Payments	SE Tax or FICA/MCARE Management
Sole Proprietorship with legal trade name	No	Schedule C	No	Simple	N/A	Draws - Non-Taxable	Very Limited
Single-member Limited Liability Company	No	Schedule C	Yes	Simple	N/A	Draws - Non-Taxable	Very Limited
Multi-member Limited Liability Company	Yes-1065	Schedule E, pg 2	Yes	Complex	Depends	Draws - Depends	Limited
Partnership (two or more partners)	Yes-1065	Schedule E, pg 2	No	Complex	Depends	Draws - Depends	Limited
Corporation electing S Corporation status	Yes-1120S	Schedule E, pg 2	Yes	Complex	Yes	Distributions - Non-Taxable	Limitless
Limited Liability Co. electing S Corporation status	Yes-1120S	Schedule E, pg 2	Yes	Complex	Yes	Distributions - Non-Taxable	Limitless
C Corporation (single or multiple shareholders)	Yes-1120	N/A	Yes	Complex	Yes	Dividends - Taxable	Limitless

** Significant differences also exist regarding the deductibility and reporting requirements for business owner transactions: health insurance premiums, vehicle expenditures, payroll taxes and retirement plan contributions.*