



Piermani & Bearoff, P.C.

S CORPORATION VS. LLC

Determining the type of legal structure for your business can be daunting. S Corporations and Limited Liability Companies ("LLCs") are preferred business structures because, unlike sole proprietorships and partnerships, both offer liability protection. This means that the owner of a company cannot be held personally responsible for the company's debts. The personal assets of an owner are shielded from company liabilities.

During Tax Season we noticed that you are incorporated as an LLC, this means that your personal assets are shielded from company liabilities **BUT** it does not mean that you are saving tax money. S Corporations and LLCs are similar in that they are both "pass-through" entities for tax purposes. The income of these companies are passed through to their owners and reported on the owner's personal income tax returns.

The LLC income pays Federal, Social Security, Medicare, State and Local Taxes on all profit passed through, while the S Corporation **ONLY** pays Federal & State Taxes on all profit passed through. This only one example of how an S Corporation can save you a considerable amount of money.

If you are only looking for operational ease, an LLC is a good choice; **BUT** if you are looking to save on employment taxes and keep the money in your pocket, an S Corporation is best for you. All you need to do is call to Charles Piermani (610-275-7544) to discuss how you can save on your taxes and changes to your LLC.

Phone (610) 275-7544 * Fax (610) 272-5644

Email: email@piermanibearoff.com