

S Corp Questions

Please review and answer the following questions to help us determine if an S corporation election is a viable option for you. This is not required before chatting with you, but it helps!

Your Name _____ Business Name _____

Does your business earn over \$30,000 net income after expenses? **Say Yes.**

Are you located in New York City or Tennessee where S corporation tax rates are egregious and suck up all the federal tax savings? New Hampshire? **Say No.**

Do you have other W-2 income that exceeds or comes close to exceeding the Social Security limits of \$128,400 (2018)? **Say No.** If you say Yes, we need net business income to exceed \$200,000 in #1 above so that the Medicare savings exceeds the "lost" Social Security tax paid by the S Corp.

Is this a going concern? In other words, is the business going to continue to earn the same income or more each year? **Say Yes.**

Do you have an LLC or some other entity in place that can be elected to be taxed as an S Corp? **Say Yes.** If you say No, we have options just not elegant ones such as shelf corporations.

Do you have other partners besides a spouse? Aren't we getting personal... we mean business partners, that is? **Say No.** If you say Yes, are you currently splitting income based on ownership percentages or some formula? If you say Formula, then we'll need to explore a multi-entity arrangement.

Does your entity own any appreciating assets such as real estate? **So No.** We don't put appreciating assets into an S corporation. Holding companies own real estate and operating companies elect S Corp status. Chinese Wall.

Please email this to support@watsoncpagroup.com. Thanks. We look forward to chatting with you!