

S CORP VS C CORP GENERAL EXAMPLE COMPARISON

COMPANY X:	C CORP	S CORP	SOLE PROP/LLC	
SALES	\$ 200,000	\$ 200,000	\$ 200,000	% of income
DIRECT COSTS	\$ 80,000	\$ 80,000	\$ 80,000	40%
OVERHEAD(EXCL OFFICER SALARY)	\$ 50,000	\$ 50,000	\$ 50,000	25%
OFFICERS SALARY	\$ 50,000	\$ 50,000	\$ -	25%
OFFICER P/R TAX PD BY CORP	\$ 3,825	\$ 3,825	\$ -	
NET INCOME	\$ 16,175	\$ 16,175	\$ 70,000	
DIVIDENDS PAID	\$ 12,778	\$ -	\$ -	
 CORP TAXES				
CORP INCOME TAXES (@21%)	\$ 3,397	\$ -	\$ -	
TOTAL CORP TAXES	\$ 3,397	\$ -	\$ -	
 OWNER:				
WAGES	\$ 50,000	\$ 50,000	\$ -	
NON-TAXED DISTRIBUTIONS	\$ -	\$ 16,175	\$ 70,000	
OWNER SHARE SS/MC	\$ 3,825	\$ 3,825		
TAXABLE DIVIDENDS	\$ 12,778	\$ -		
TOTAL CASH FROM BUSINESS	\$ 58,953	\$ 62,350	\$ 70,000	
 OWNER FED/VA TAXES ON BUSINESS INCOME (IN 24.0% FED TAX BRACKET)				
INCOME TAX (FED + VA STATE)	\$ 17,526	\$ 18,549	\$ 19,354	
SELF EMPLOYMENT TAX	\$ -	\$ -	\$ 9,891	
TOTAL OWNER TAXES	\$ 17,526	\$ 18,549	\$ 29,244	
 OWNER + CORP TAXES	 \$ 20,923	 \$ 18,549	 \$ 29,244	
 NET \$\$ TO OWNER	 \$ 38,030	 \$ 43,801	 \$ 40,756	

ASSUMPTIONS:

- 1 CORPORATE OFFICER/EMPLOYEE TAKING REASONABLE SALARY(REQUIRED BY IRS)
- 2 OFFICER/SHAREHOLDER TAKES ALL AVAILABLE PROFIT OUT OF BUSINESS (THIS IS OPTIONAL, NOT REQUIRED, FOR C CORP)
- 3 STATE TAXES WERE INCLUDED AT 5.75%, DIVIDEND TAX RATE IS 15.0%
- 4 CALCULATION MUST BE MADE ON A CASE BY CASE BASIS- THIS IS AN EXAMPLE FOR COMPARISON PURPOSES ONLY