

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	\$ 90,000	\$ 90,000	\$ 90,000	45%
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	\$ 6,175	\$ 6,175	\$ 60,000	
DIVIDENDS PAID	\$ 5,249	\$ -	\$ -	
 CORP TAXES				
CORP INCOME TAXES (@15%)	\$ 926	\$ -	\$ -	
TOTAL CORP TAXES	\$ 926	\$ -	\$ -	
 OWNER:				
WAGES	\$ 50,000	\$ 50,000	\$ -	
NON-TAXED DISTRIBUTIONS	\$ -	\$ 6,175	\$ 60,000	
OWNER SHARE SS/MC	\$ 3,825	\$ 3,825		
TAXABLE DIVIDENDS (@15%)	\$ 5,249	\$ -		
TOTAL CASH FROM BUSINESS	\$ 51,424	\$ 52,350	\$ 60,000	
 OWNER FED/VA TAXES ON BUSINESS INCOME(IN 25% FED BRACKET)				
INCOME TAX (FED + VA STATE)	\$ 16,162	\$ 16,098	\$ 17,147	
SELF EMPLOYMENT TAX	\$ -	\$ -	\$ 8,478	
TOTAL OWNER TAXES	\$ 16,162	\$ 16,098	\$ 25,624	
 OWNER + CORP TAXES	 \$ 17,089	 \$ 16,098	 \$ 25,624	
 NET \$\$ TO OWNER	 \$ 34,335	 \$ 36,252	 \$ 34,376	

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%
- 4 CALCULATION MUST BE MADE ON A CASE BY CASE BASIS- THIS IS AN EXAMPLE FOR COMPARISON PURPOSES ONLY