



## Tax Treatment Cheat Sheet

ENTITY TYPE	BUSINESS EARNINGS	INCOME TAX RATES	SELF-EMPLOYMENT TAX	KEY DOCUMENTS*
<b>SOLE PROPRIETOR</b>	are passed through to the proprietor, contributing to the proprietor's individual income tax liability.	are determined by the proprietor's income tax bracket.	must be paid by sole proprietors. The SE tax rate is appx 15% for all earnings up to appx 85K, and appx 3% thereafter.	<a href="#">Form 1040</a> <a href="#">Schedule C</a> <a href="#">Schedule SE</a> Forms <a href="#">941</a> , <a href="#">W-2</a> , and <a href="#">940</a> (if the business has employees)
<b>PARTNERSHIP</b>	are passed through to the business's partners (in proportion to each partner's share as defined by the partnership agreement) contributing to each partner's individual income tax liability.	are determined by each partner's individual income tax bracket.	must be paid by partners in accordance with their share of the earnings from the partnership. If the partnership is a "limited partnership" and/or taxed like a corporation, then no SE tax is assessed.	<a href="#">Form 1040</a> <a href="#">Schedule K-1 (Form 1065)</a> <a href="#">Schedule SE</a> Forms <a href="#">941</a> , <a href="#">W-2</a> , and <a href="#">940</a> (if the business has employees)
<b>LLC</b>	are passed through to the business's members (in proportion to each member's share as defined by the LLC's operating agreement) contributing to each member's individual income tax liability.	are determined by each member's individual income tax bracket.	must be paid by members in accordance with their share of the earnings from the LLC unless the LLC files Form 8832, electing to be taxed as an S corporation	<a href="#">Form 1040</a> <a href="#">Schedule C</a> (for a single-member LLC) <a href="#">Schedule K-1 (Form 1065)</a> <a href="#">Form 8832</a> (if the LLC prefers to be taxed as an S corporation) <a href="#">Schedule SE</a> Forms <a href="#">941</a> , <a href="#">W-2</a> , and <a href="#">940</a> (if the business has employees)
<b>C CORPORATION</b>	do not directly pass through to shareholders. C corporations' earnings are first taxed as independent entities in accordance with the corporate tax rate. Employees of the corporation are taxed in accordance with their individual income tax liabilities.	are determined by the corporate rates established by the US federal and state governments.	is not paid. Executives are taxed as employees of the corporation.	<a href="#">Form 1120</a> <a href="#">Form 1040</a> Forms <a href="#">941</a> , <a href="#">W-2</a> , and <a href="#">940</a>
<b>S CORPORATION</b>	are passed through to shareholders in accordance with income allocations specified in Schedule K-1 and contribute to each shareholder's individual income tax liability.	are determined by each shareholder's individual income tax bracket.	is not paid. Executives are taxed as employees of the corporation.	<a href="#">Form 1120</a> <a href="#">Schedule K-1 (Form 1065)</a> (used to define how income is allocated) Forms <a href="#">941</a> , <a href="#">W-2</a> , and <a href="#">940</a>

\*Please check the year on the linked forms above before using