### 2017 STANLEY M. JOHANSON ESTATE PLANNING WORKSHOP

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## Choice of Entities: When to S Corporation, When to LLC, When to FLP, and Why

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#### **Attachments**

- 1. Choice of Entity Matrix
- 2. Look at that S Car Go: Subchapter S Stock Ownership by Trusts Drafting the Trust Instrument and Elections, Understanding Deadlines
- 3. Basic Partnership Allocations
- 4. The Series LLC The Next Frontier
- The Ascendancy of Income Tax Planning Supplemental Basis Step-up Examples



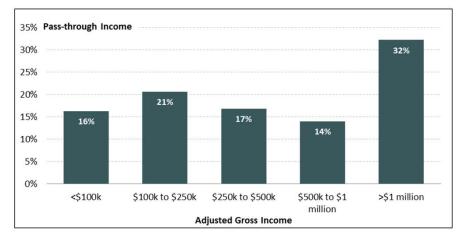
# Who Earns Pass-Through Business Income?

- More than half of business income is generated by sole proprietorships, partnerships, and S corporations
- Approximately 28.7 million (or one in five) taxpayers reported pass-through business income (or loss) totaling more than \$687 billion in 2011
- The average amount reported was \$26,011, excluding capital gains income from pass-throughs and farming income

Mark P. Keightley, Who Earns Pass-Through Business Income? An Analysis of Individual Tax Return Data. Congressional Research Service. October 24, 2017



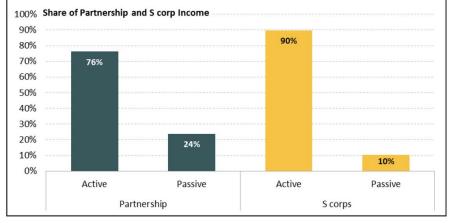
# Distribution of Net Pass-Through Income by AGI (2011)



Mark P. Keightley, Who Earns Pass-Through Business Income? An Analysis of Individual Tax Return Data. Congressional Research Service. October 24, 2017







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### Why Pass-Throughs Are Popular

- Limited liability
- Single layer of tax
  - Provide cash flow to owners, especially passive owners
  - Increased basis for reinvested earnings
- Generally have better taxation upon a sale
- Inside basis step-up on sale and death for partnerships







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Title search: Choice of Entities: When to S Corporation, When to LLC, When to FLP, and Why

Also available as part of the eCourse 2017 Stanley M. Johanson Estate Planning eConference

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