

# Choose Wisely: Choice of Entity Issues in an Always Changing Landscape

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## Agenda

Big picture

Entity lifecycle—asking the right questions

Summary

Appendix

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# Agenda

Big picture

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Appendix

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## Big picture—state and federal choices

Characteristics		Federal Tax Treatment			
		DRE	Partnership	S Corp	C Corp
State Law Form	LP	✓ <sup>1</sup>	✓	✓ <sup>2</sup>	✓
	LLC	✓	✓	✓ <sup>3</sup>	✓
	Corporation			✓	✓

### Notes

<sup>1</sup> General partner must be a DRE

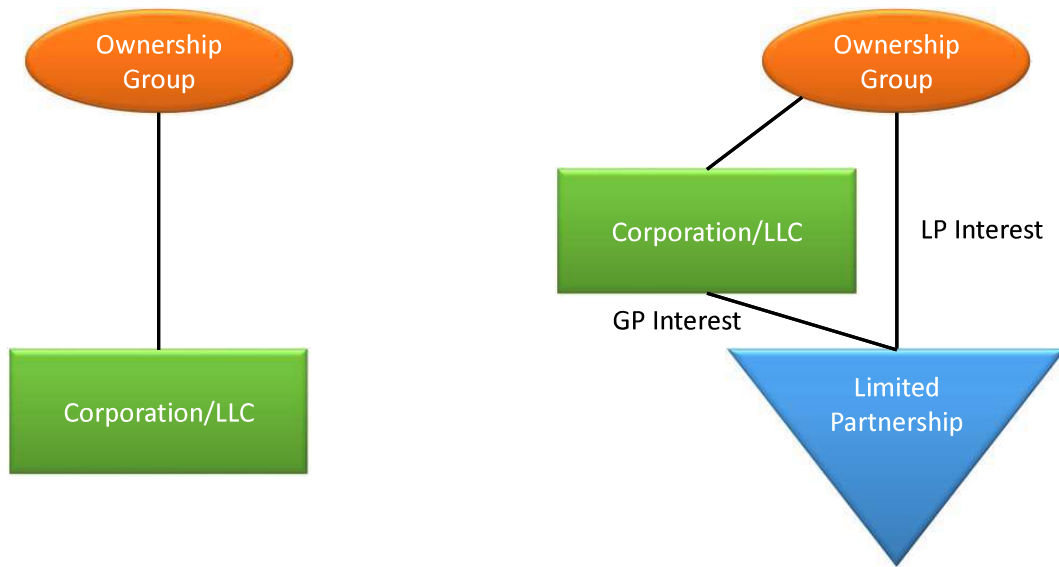
<sup>2</sup> But see Rev. Proc. 99-51

<sup>3</sup> Uncertainty?

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## Big picture—organizational form



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## Big picture—tax

- Pass-throughs
  - A partnership is a non-taxed, tax reporting entity
  - An S corporation is a non-taxed, tax reporting entity except when
    - The S corp used to be a C corp (potentially subject to built-in gains tax and/or sting tax)
    - The S corp liquidates
- A C corporation is a separate tax paying entity

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