

Title:

Four Dumbest S Corporation Setup Mistakes

Word Count:

800

Summary:

S corporations can save you thousands of dollars a year in corporate and payroll taxes. But fo

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Article Body:

I see and hear about a lot of dumb S corporation setup mistakes.

Some of the mistakes are made by entrepreneurs and investors trying to save money on accountan

But you know what really irks me? Some of these mistakes in fact, most of them are made by att

But enough whining. Without further fanfare, here are the four dumbest mistakes that I see peo

Mistake #1: Not Using an LLC

An LLC is almost always the place to start if you want to end up with an S corporation. Why? I

LLCs work like that. LLCs provide you with all the same great liability protection, but they r

This might all seem irrelevant, but LLCs can make an election to be treated as an S corporati

Mistake #2: Forgetting about the Foreign Corporation Registration Rules

Read those tempting advertisements for Delaware or Nevada corporations? The advertisements sou

Here's why: If you're doing in business in, say, New York, you're not going to be able to avoi

A couple more quick points: Large businesses do like Delaware for a variety of reasons mostly

Mistake #3: Electing to be Treated as a C Corporation

A long time ago if you wanted to turn an LLC into an S corporation before July of 2004 as I re

This two-steps-to-an-S corporation process was pretty much a disaster. Thankfully, the IRS fin

Some people still want to do it the old, unfortunately. Which is really dumb. The old way does

Note: If you do foul up an S corporation, know that the IRS is very, very forgiving. You might

Mistake #4: Electing to be Treated as an S Corporation Too Early

Once a business generates profits well in excess of the amounts paid to owners for salaries, a

But you don't want to elect S corporation status too early if you were smart enough to start o

By electing S corporation status, the llc needs to file an expensive corporate return, needs t

Wait until your business is profitable to elect S status for your llc. Your patience will pay o

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