



LLC vs S Corp

Professional Bilingual Guide | Guía Profesional Bilingüe

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What is an LLC? / ¿Qué es una LLC?

An LLC (Limited Liability Company) is a legal business structure that protects owners' personal assets while offering flexible taxation.

Una LLC es una estructura legal que protege los bienes personales de los dueños y ofrece flexibilidad fiscal.

What is an S Corporation? / ¿Qué es una S Corp?

An S Corporation is a tax classification granted by the IRS allowing income to pass directly to owners.

Una S Corp es una clasificación fiscal del IRS que permite que los ingresos pasen directamente a los dueños.

Key Differences / Diferencias Clave

LLC = legal structure. S Corp = tax election. S Corps have stricter rules and potential tax savings.

Similarities / Similitudes

Both provide liability protection and pass-through taxation in most cases.

Pros and Cons of an LLC / Ventajas y Desventajas de una LLC

Pros: simplicity, flexibility.

Cons: self-employment taxes on all profits.

Pros and Cons of an S Corp / Ventajas y Desventajas de una S Corp

Pros: potential tax savings.

Cons: stricter compliance and payroll requirements.

How to Structure / Cómo se Estructuran

LLCs are formed at state level. S Corp status requires IRS Form 2553.

State-Specific Considerations / Consideraciones Estatales

Each state has different fees, rules, and compliance requirements.

Transition from LLC to S Corp / Transición de LLC a S Corp

An LLC may elect S Corp tax status without changing its legal entity.

Choosing the Best Option / Cómo Elegir la Mejor Opción

Depends on income level, tax strategy, and business goals.

FAQ

Yes, an LLC can be taxed as an S Corp. No, S Corps do not pay double tax.

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