

ABC Company
This Is A Demo - Order From DenverTax.com
Inputs - S Corp Vs Partnership/Sole Proprietor Analyzer

INPUTS:

Filename: C:\vb6wrk\dts\S Corp Vs Partnership\Ver2004.10\UI\0404 del-08-18-2006.SVP
Report Line 2: This Is A Demo - Order From DenverTax.com

Entity Name:

Taxable Income Before Capital Gains,
NOL Deductions, Sec. 1231 Items,
S Corp Owners' Wages or Partners'
Guaranteed Payments and Contributions: 250,000
Long-Term Capital Gains: -20,000
Short-Term Capital Gains: 10,000
Section 1231 Gain or Loss: -8,000
Charitable Contributions: 2,000

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Inputs - S Corp Vs Partnership/Sole Proprietor Analyzer

Taxpayer: Jane & John Doe
Spouse 1's Ownership Percent: 50.00%
Spouse 2's Ownership Percent: 10.00%
Filing Status: Joint
Personal Exemptions: 4
Spouse 1's S Corp Wages: 100,000
Spouse 2's S Corp Wages: 15,000
Spouse 1's Other Wages: 5,000
Spouse 2's Other Wages: 0
Spouse 1's Partnership Guaranteed Payments: 76,500
Spouse 2's Partnership Guaranteed Payments: 11,500
Spouse 1's SE Inc. Percent of Ordinary Income: 80.00%
Spouse 2's SE Inc. Percent of Ordinary Income: 100.00%
Long-Term CG: 5,000
Short-Term CG: -1,000
Sec 1231 Items: 2,000
Self-Employed Med Premiums: 7,000
Other Adjustments To Income: 2,000
Medical Expenses, excluding Self-Employed
 Medical Ins. Premiums: 10,000
Itemized Misc. Expenses: 15,000
Other Itemized Deductions: 8,000

Taxpayer: Bill Smith
Spouse 1's Ownership Percent: 40.00%
Spouse 2's Ownership Percent: 0.00%
Filing Status: Single
Personal Exemptions: 1
Spouse 1's S Corp Wages: 50,000
Spouse 2's S Corp Wages: 0
Spouse 1's Other Wages: 20,000
Spouse 2's Other Wages: 0
Spouse 1's Partnership Guaranteed Payments: 41,000
Spouse 2's Partnership Guaranteed Payments: 0
Spouse 1's SE Inc. Percent of Ordinary Income: 100.00%
Spouse 2's SE Inc. Percent of Ordinary Income: 100.00%
Long-Term CG: -2,000
Short-Term CG: -4,000
Sec 1231 Items: -1,000
Self-Employed Med Premiums: 9,000
Other Adjustments To Income: 0
Medical Expenses, excluding Self-Employed
 Medical Ins. Premiums: 8,000
Itemized Misc. Expenses: 2,000
Other Itemized Deductions: 15,000
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 S-Corp Vs. Partnership/Sole Proprietor Summary

BUSINESS TAX

	Unincorp.	S-Corp	Difference
	-----	-----	-----
Employer FICA on Stockholder Comp	0	12,880	-12,880
	=====	=====	=====

OWNERS TAXES

	Unincorp.	S-Corp	Difference
	-----	-----	-----
Individual Income Taxes	35,358	39,692	-4,334
Owners FICA & SE Taxes	30,769	12,570	18,199
	-----	-----	-----
Total Owners Taxes	66,127	52,262	13,865
	=====	=====	=====

COMBINED OWNER & BUSINESS TAXES

	Unincorp.	S-Corp	Difference
	-----	-----	-----
Total Business Tax	0	12,880	-12,880
Total Owner Taxes	66,127	52,262	13,865
	-----	-----	-----
COMBINED TAXES	66,127	65,142	985
	=====	=====	=====

This calculation is based on tax computations for 2004.

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 Detailed S-Corp Vs. Partnership/Sole Proprietor Analysis Report

PARTNERSHIP/SOLE PROPRIETOR:

Taxable Income Before Capital Gains, Sec. 1231 Items, Partners' Guaranteed Payments and Contributions	250,000
Less, Guaranteed Payments	145,000

Ordinary Income	105,000
	=====

S-CORPORATION:

Taxable Income Before Capital Gains, Sec. 1231 Items, Shareholders' Wages and Contributions	250,000
Less, Shareholders' Wages	181,000

Ordinary Income Pass Through	69,000
	=====

Employer FICA Taxes:

	Unincorp.	S-Corp	Difference
	-----	-----	-----
Jane & John Doe	0	8,366	-8,366
Bill Smith	0	4,514	-4,514
	-----	-----	-----
Total	0	12,880	-12,880
	=====	=====	=====

The Employer's FICA amounts, above, may be different than the Employees' FICA amounts. If an employee has wages from a different employer, those wages may be used to reduce the employee's FICA, but not the employer's FICA.

Any medical insurance premiums paid by the business will be added to wages paid by the S-Corporation.

This calculation is based on tax computations for 2004.

Jane & John Doe
Tax Calculations
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INCOME TAX:

Filing Status: Joint
Ownership Spouse 1: 50.00%
Ownership Spouse 2: 10.00%

	Unincorp.	S-Corp	Difference
Base Income	5,000	5,000	0
Wages - Not From Entity	5,000	5,000	0
Wages - From S-Corp	0	122,000	-122,000
S-Corp Ordinary Income	0	41,400	-41,400
Partnership Ordinary Income	63,000	0	63,000
Partnership Guaranteed Payments	95,000	0	95,000
Capital Gains	-2,000	-2,000	0
Sec 1231 Losses	-2,800	-2,800	0
Total Income	163,200	168,600	-5,400
Base Adjustments to Income	2,000	2,000	0
SE Tax Deduction	8,885	0	8,885
Self-Employed Health Ins Deduction	7,000	7,000	0
Total Adjustments to Income	17,885	9,000	8,885
Adjusted Gross Income	145,315	159,600	-14,285
Medical Deduction	0	0	0
Miscellaneous Deductions	12,094	11,808	286
Contribution Pass-Through	1,200	1,200	0
Other Itemized Deductions	8,000	8,000	0
Total Itemized Deductions	21,294	21,008	286
Itemized Deduction Reduction	78	507	-429
Net Itemized Deductions	21,216	20,501	715
Standard Deduction	9,700	9,700	0
Larger Deduction	21,216	20,501	715
Taxable Income Before Exemptions	124,099	139,099	-15,000
Less, Exemption Deduction	12,400	12,400	0
Exemption Deduction Reduction	0	0	0
Taxable Income	111,699	126,699	-15,000
Income Tax	21,400	25,433	-4,033

Any medical insurance premiums paid by the business will be added to wages paid by the S-Corporation or Guaranteed Payments paid by the partnership.

SELF-EMPLOYMENT TAX & EMPLOYEES FICA ON S-CORP WAGES:

Employees FICA From S-Corp Wages

	Unincorp.	S-Corp	Difference
	-----	-----	-----
Withheld From Spouse 1's Wages	0	6,641	-6,641
Withheld From Spouse 2's Wages	0	1,415	-1,415
	-----	-----	-----
Total Employees FICA	0	8,056	-8,056
	=====	=====	=====

The above computation assumes that, if the combined S-Corp wages and wages from other sources result in excess FICA, the reduction in FICA will be related to the S-Corp wages.

Any medical insurance premiums paid by the business will be added to wages paid by the S-Corporation.

Self-Employment Taxes From Partnership/Sole Proprietor

	Unincorp.	S-Corp	Difference
	-----	-----	-----
SE Tax For Spouse 1	14,167	0	14,167
SE Tax For Spouse 2	3,603	0	3,603
	-----	-----	-----
Total Self-Employment Tax	17,770	0	17,770
	=====	=====	=====
Combined SE Tax & Employees' FICA	17,770	8,056	9,714
	=====	=====	=====
SE TAX, EMP. FICA AND INCOME TAX	39,170	33,489	5,681
	=====	=====	=====

This calculation is based on tax computations for 2004.

INCOME TAX:

Filing Status: Single
 Ownership Spouse 1: 40.00%
 Ownership Spouse 2: 0.00%

	Unincorp.	S-Corp	Difference
Base Income	0	0	0
Wages - Not From Entity	20,000	20,000	0
Wages - From S-Corp	0	59,000	-59,000
S-Corp Ordinary Income	0	27,600	-27,600
Partnership Ordinary Income	42,000	0	42,000
Partnership Guaranteed Payments	50,000	0	50,000
Capital Gains	-3,000	-3,000	0
Sec 1231 Losses	-4,200	-4,200	0
Total Income	104,800	99,400	5,400
Base Adjustments to Income	0	0	0
SE Tax Deduction	6,500	0	6,500
Self-Employed Health Ins Deduction	9,000	9,000	0
Total Adjustments to Income	15,500	9,000	6,500
Adjusted Gross Income	89,300	90,400	-1,100
Medical Deduction	1,302	1,220	82
Miscellaneous Deductions	214	192	22
Contribution Pass-Through	800	800	0
Other Itemized Deductions	15,000	15,000	0
Total Itemized Deductions	17,316	17,212	104
Itemized Deduction Reduction	0	0	0
Net Itemized Deductions	17,316	17,212	104
Standard Deduction	4,850	4,850	0
Larger Deduction	17,316	17,212	104
Taxable Income Before Exemptions	71,984	73,188	-1,204
Less, Exemption Deduction	3,100	3,100	0
Exemption Deduction Reduction	0	0	0
Taxable Income	68,884	70,088	-1,204
Income Tax	13,958	14,259	-301

Any medical insurance premiums paid by the business will be added to wages paid by the S-Corporation or Guaranteed Payments paid by the partnership.

All Owners
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COMBINED INCOME, SELF-EMPLOYMENT AND FICA TAXES:

	Unincorp.	S-Corp	Difference
Jane & John Doe	39,170	33,489	5,681
Bill Smith	26,957	18,773	8,184
Total	66,127	52,262	13,865