

BUSINESS

SCHEDULE C AND ENTITY TAX PREPARATION FAST ANSWER CHARTS

TAX
YEAR **2024**

Taxation Summary—Corporations and Partnerships			
	C Corporation	S Corporation	Partnership
Taxation	Income is taxed at the corporate level. Profits are distributed to shareholders as taxable dividends, creating “double tax.”	Income and deductions are passed through to shareholders, avoiding corporate-level tax. An S corporation generally does not pay income tax at the entity level.	Income and deductions are passed through to partners. A partnership does not pay income tax at the entity level.
Income	After-tax profits of a C corporation may be distributed to shareholders as dividends. Qualified dividends are generally taxed to the individual shareholder at long-term capital gain rates (0%, 15%, or 20%).	Business income from an S corporation is passed through to shareholders and taxed as ordinary income.	Business income from a partnership is passed through to partners and taxed as ordinary income. Guaranteed payments and general partners' share of income is subject to self-employment tax at the individual level.
Losses	C corporation losses are deducted or carried forward on the corporation return.	Business losses passing through to an S corporation shareholder are treated as ordinary losses.	Business losses passing through to partners are treated as ordinary losses.
Capital Gains & Losses	Capital gains earned by a C corporation are taxable to the corporation at the same rate as ordinary income. Losses are not passed through to shareholders.	Capital gains and losses pass through to shareholders as separately stated items on Schedule K-1 (Form 1120-S) .	Capital gains and losses pass through to partners as separately stated items on Schedule K-1 (Form 1065) .

Entity Classification Elections			
Entity	Default Filing	Entity Options	Cannot Be Taxed as:
Individual	Sole proprietor, Schedule C (Schedule E for rental or Schedule F for farming)	Corporation	Partnership
Partnership	Partnership, Form 1065	Corporation	Sole proprietor
Corporation (formed as a corporation under state law)	C corporation, Form 1120 , or S corporation, Form 1120-S (with S election)	N/A	Sole proprietor, Partnership
LLC (single-member)	Disregarded entity—owner files as if LLC did not exist.	Corporation	Partnership
LLC (multiple-member)	Partnership, Form 1065 *	Corporation	Sole proprietor

* A spousal LLC may be treated differently if organized in a community property state versus a noncommunity property state.

Business Filing Requirements			
Form Entity	Filing Requirement	Filing Deadline – Calendar Year	Filing Deadline – Fiscal Year
Schedule C (Form 1040) Sole proprietorship (including single-member LLC)	Required to file Form 1040 if taxpayer has self-employment income of at least \$400.	April 15	15th day of the 4th month after the end of the individual's tax year.
Form 1065 Partnership (including LLC classified as partnership)	Any partnership that engages in a trade or business or has gross income is required to file a return.	March 15	15th day of the 3rd month after the end of the partnership's tax year.
Form 1120-S S corporation	All S corporations required to file return regardless of amount of income/deductions.	March 15	15th day of the 3rd month after the end of the S corporation's tax year.
Form 1120 C corporation	All C corporations required to file return regardless of amount of income/deductions.	April 15	15th day of the 4th month after the end of the C corporation's tax year.*

* A C corporation with a fiscal tax year ending June 30 must file by the 15th day of the 3rd month after the end of its tax year (September 15).

Corporate Transparency Act (CTA)	
Purpose	The CTA establishes uniform beneficial ownership information reporting requirements for certain types of corporations, limited liability companies, and other similar entities.
Beneficial ownership	A beneficial owner is any individual who: 1) Exercises substantial control over the reporting company, or 2) Owns or controls 25% or more of the ownership interests of the reporting company.
Companies required to report beneficial ownership	1) A domestic reporting company created by the filing of a document with a secretary of state or similar office under the law of a state or Indian Tribe. 2) A foreign reporting company formed under the law of a foreign country, and registered to do business in any U.S. state or in any Tribal jurisdiction.
Exemptions	There are 23 types of exemptions. However, small businesses such as a single owner S corporation or a single member limited liability company filing a Schedule C (Form 1040) are not exempt.
Deadlines	A reporting company created or registered after 2024, must file within 30 days after the company's creation or registration is effective.
Penalties	Civil and criminal penalties apply if the beneficial ownership reporting requirements are disregarded.
Reporting	Through FinCEN's website: https://www.fincen.gov/boi .