

The four business best-friends: Banker, CPA, Insurance agent, and Lawyer**You will need a federal EIN (employer identification number) if:**

1. You have employees, or
2. You are a partnership (general or limited), or
3. You are an “S” or “C” corporation, or
4. You are an LLC that has opted to be taxed as a partnership, or S corporation, or C corp.

<u>If you are a:</u>	<u>You may be responsible for:</u>
Sole Proprietor	Income tax on projected income, which is paid in quarterly estimates. Self-employment tax (if you make more than \$400/year.) Payroll taxes (fica, medicare, federal/state income tax withheld.) FUTA (federal unemployment tax act) and SUTA (state)
Partnership	Income tax on projected income, which is paid in quarterly estimates. Self-employment tax Payroll taxes (fica, medicare, federal/state income tax withheld.) FUTA (federal unemployment tax act) and SUTA (state)
‘C’ Corporation	Corporate Income tax (federal, & some states) Payroll taxes
‘S’ Corporation	Income tax on projected income, which is paid in quarterly estimates. Self-employment tax Payroll taxes
LLC	(depends on how you have opted to be taxed)

NOTE 1: This is not a complete list of all taxes that a business may be subject to.

<u>If you are a:</u>	<u>Liability from law suits</u>
Sole Proprietor	Personally liable
Partnership	If a general partner, personally liable If a limited partner, liability is limited to \$ amount invested.
‘C’ Corporation	The corporation may be sued. Normally individuals within the corporation have no personal liability, unless they have been negligent.
‘S’ Corporation	The corporation may be sued. Normally individuals within the corporation have no personal liability, unless they have been negligent.
LLC	The LLC may be sued. Normally individuals within the LLC have no personal liability, unless they have been negligent.

NOTE 2 : All information on this page is provided as a guide only! Always consult your Lawyer and/or CPA for the latest definitive information.