

S Corp Election Decision Worksheet for LLC Owners

Part 1: Basic Business Information

1. Business Name:
2. Principal Business Activity:
3. Number of Owners (Members):
4. Current Tax Entity (Check one): Sole Proprietor Partnership Other Entity

Part 2: Financial Assessment

1. Annual Gross Revenue: \$ _____
2. Net Profit Before Taxes: \$ _____
3. Estimated Total Salary of Owners if S Corp Elected: \$ _____
Note: S Corps require owners to pay themselves a reasonable salary.
4. Current Annual Tax Liability (Estimate): \$ _____
5. Projected Tax Liability as S Corp (Estimate): \$ _____
Consider consulting with a tax professional for accurate projections.

Part 3: Tax Savings Analysis

1. Estimated Self-Employment Tax as Current Entity: \$ _____
2. Estimated Payroll Tax on Reasonable Salary as S Corp: \$ _____
3. Potential Tax Savings: \$ _____
Subtract estimated payroll tax from current self-employment tax.

Part 4: Qualitative Considerations and Decision Making

1. Do the administrative costs of maintaining S Corp status outweigh the potential tax benefits?
 Yes No
Consider additional costs such as payroll services, accounting, etc.
2. Based on the financial and qualitative analysis, do you believe converting to S Corp is beneficial for your business?
 Yes No
3. List the primary reasons for your decision:

4. Action Steps:
 Consult with a tax advisor to assess reasonable salary
 Review necessary steps for filing Form 2553.