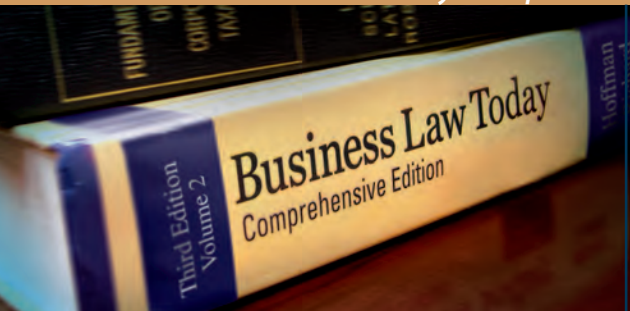


# Business Entity Formation

## *S Corporations, C Corporations and Limited Liability Companies*



### **The Importance of a Proper Legal Entity**

#### **Asset Protection**

Litigation in America is often absurd: Sell somebody a 95-cent cup of coffee and they sue you for \$2.9 million. It would be awful for you to lose your business to such a lawsuit—completely unacceptable to lose your home, your car and your retirement savings.

Limited liability entities are a must for every business owner, regardless of size. If your business is still a sole proprietorship, you are foolishly gambling with your family's future.

#### **Tax Issues**

The tax differences between an S corporation, a C Corporation and an LLC are numerous. Taxation of money going in and money coming out of your business varies depending on the type of entity you choose. In addition, certain entities offer unique savings from self-employment taxes, worker's compensation and unemployment compensation.

#### **How Epiphany Law Can Help**

If you make an incorrect choice when setting up your business, you are often stuck with it. When you consider that a poor choice can cost you thousands of dollars, it only makes sense to work with an experienced business lawyer when setting up your business. Epiphany Law has helped hundreds of new business owners make the right business entity choice. Let an experienced business attorney guide you through the decision making process.





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### **I have insurance. Isn't that enough?**

**A**No, insurance is not enough for at least two reasons: insurance policies have exclusions and coverage limits. For example, an insurance policy for a rental unit generally will not cover lead paint poisoning or mold claims—two enormous risks. As to limits, insurance coverage of \$250,000, \$500,000 or even \$1,000,000 often fails to cover potential claims in today's litigious world.

### **Can't I simply file the papers myself?**

**A**Filing papers yourself is not advisable. If you fail to file all of the correct forms or if you get one wrong, the consequences can be severe. You may incur anything from loss of liability protection to a five digit tax penalty.

### **Aren't all of these entities really the same?**

**A**No, one size does not fit all. The tax differences between a Corporation and an LLC can be enormous. But it is not just about taxes—the legal requirements and benefits also vary greatly. Only through consultation with an experienced business law attorney can you make the correct choice.

### **Is it costly?**

**A**Not when you consider the cost of not having things set up correctly. Lawyer fees for setting up your business entity should range between \$500 and \$1,500 plus out-of-pocket costs. Annual maintenance costs should be between \$100 and \$200 plus costs. When considering the benefits of proper entity formation, it's a bargain.

**Rely on Epiphany Law as your source of business law expertise for your growing organization.**



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