
Small Business Owner Realizes \$200,000 in Tax Savings in First Three Years

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Situation

An LLC owner filed the first tax return for her new business along with her personal tax return, and realized that her small business was “getting hammered with taxes”. She found it extremely difficult to fund the growth of her business when so much of her profit was lost to taxes.

How We Helped

While we believe that no client is too large nor too small, we quickly analyzed the amount of taxes that she and her small business would pay under different types of entity choices.

Results

We determined that she would have saved over \$25,000 in taxes in her first year of business had she formed an S corporation instead of an LLC. Furthermore, based on her forecasted growth in the second and third year, she would save \$75,000 and \$100,000 in taxes in the second and third year, respectively.