

Choose Wisely: Choice of Entity Issues in an Always Changing Landscape

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UT Law CLE's 70th Annual Taxation Conference

4361126



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Agenda

Big picture

Entity lifecycle—asking the right questions

Summary

Appendix

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Agenda

Big picture

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Big picture—state and federal choices

Characteristics		Federal Tax Treatment			
		DRE	Partnership	S Corp	C Corp
State Law Form	LP	✓ ¹	✓	✓ ²	✓
	LLC	✓	✓	✓ ³	✓
	Corporation			✓	✓

Notes

¹ General partner must be a DRE

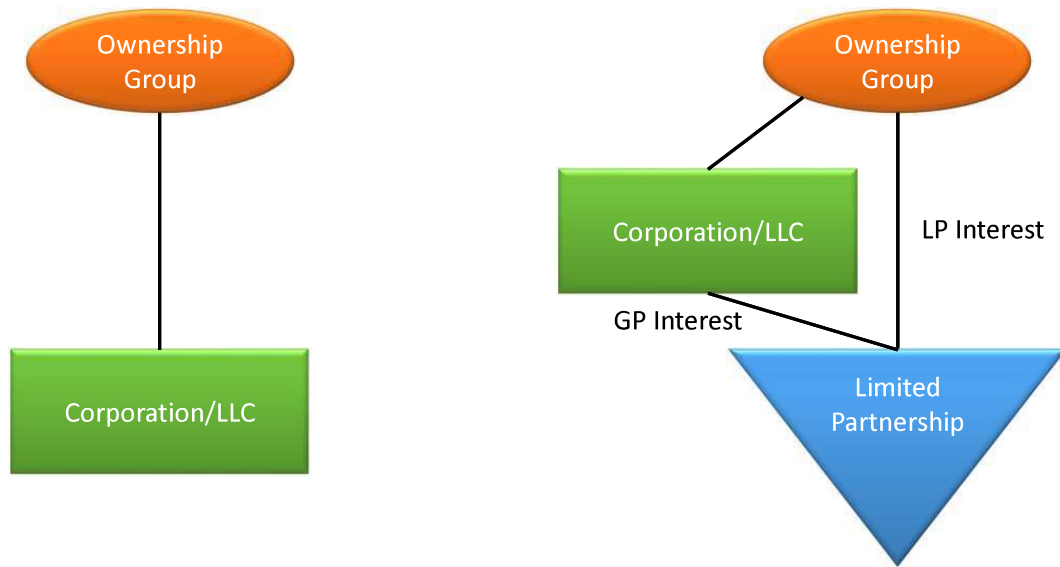
² But see Rev. Proc. 99-51

³ Uncertainty?

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Big picture—organizational form



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Big picture—tax

- Pass-throughs
 - A partnership is a non-taxed, tax reporting entity
 - An S corporation is a non-taxed, tax reporting entity except when
 - The S corp used to be a C corp (potentially subject to built-in gains tax and/or sting tax)
 - The S corp liquidates
- A C corporation is a separate tax paying entity

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First appeared as part of the conference materials for the

70th Annual Taxation Conference: Day 2 - Business Transactions session

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