



Your business structure decides which tax return you file, when it's due, and how well your personal assets are protected. If you're not sure which one you are, last year's tax return will tell you.

Structure	How it is taxed	Tax form	Due
Sole proprietor	Business profit goes on your personal return	Schedule C with Form 1040	April 15
Single-member LLC	Same as a sole proprietor, unless it elects otherwise	Schedule C with Form 1040	April 15
Partnership / multi-member LLC	Business files its own return; profit passes to each owner on a K-1	Form 1065	March 15
S corporation	Files its own return; owners take a reasonable salary through payroll plus distributions	Form 1120-S	March 15
C corporation	Taxed separately from its owners	Form 1120	April 15

Sole proprietor

The simplest setup: you and the business are the same for tax and legal purposes. You can work under your own name or a registered "doing business as" name.

Watch out: there's no separation between you and the business. If a customer sues over property damage, your personal assets can be at risk.

Example: you mow and edge on your own, under your name, with no LLC.

Limited liability company (LLC)

A state-registered company that helps protect your personal assets from business debts and lawsuits, as long as you keep business and personal money separate.

For taxes, a **single-member LLC** files like a sole proprietor (Schedule C). A **multi-member LLC** files like a partnership (Form 1065). An LLC can also elect to be taxed as an S corporation.

Example: "Green Edge Lawn Care LLC," owned by one person.

Partnership

Two or more owners. The partnership files its own return and passes each owner's share of profit to them on a Schedule K-1, which they report on their personal returns. A written partnership agreement matters.

Example: two brothers running a landscaping and hardscape company together.

S corporation

Not its own type of business, but a tax election an LLC or corporation can make. Owners who work in the business take a **reasonable salary** through payroll, and the remaining profit can come out as distributions that aren't hit with self-employment tax.

It usually starts to make sense once profit is steady and well above a reasonable salary, and it adds payroll and a separate return. Talk it through before electing.

C corporation

A separate taxpayer from its owners, filing Form 1120. Profits can be taxed at the corporate level and again when paid out as dividends. Uncommon for small landscaping businesses.

Not sure which you are?

- Filed a **Schedule C** last year: sole proprietor or single-member LLC
- Received a **K-1** from your business: partnership or S corporation
- Business filed **Form 1120**: C corporation

Thinking about an S corporation? West Financial Services can run your numbers and tell you whether the switch saves more than it costs.

