



BUYNAK · FAUVER · ARCHBALD · SPRAY

ATTORNEYS

**CORPORATE AND LIMITED LIABILITY COMPANY
FEDERAL AND CALIFORNIA TAX RATES**

(Business Advisory No.20)

This Advisory is neither exhaustive nor tailored to your specific situation. You should discuss your personal situation with us or with your own attorney. Our representation is only undertaken through a written engagement letter and not by the mere distribution of this Advisory.

Limited Liability Companies		
<i>Federal Tax Rates</i>	<i>California Tax Rates</i>	
No Federal Taxes as Limited Liability Companies are treated as Partnerships (Income Passes Through to Individuals)	<i>Gross Income</i>	<i>Tax Amount</i>
	Less than \$250,000	0
	\$250,000 to less than \$500,000	\$900
	\$500,000 to less than \$1,000,000	\$2,500
	\$1,000,000 to less than \$5,000,000	\$6,000
	\$5,000,000 or more	\$11,790

Decision Point at \$750,000 of Profit
If your business has regular annual profit of greater than \$750,000 or will have regular yearly losses and peak year profit over \$750,000, then a limited liability company may be the best entity from a tax perspective.
If your business has regular annual profit of less than \$750,000 , an S Corporation may be the best entity from a tax perspective.

S Corporations	
<i>Federal Tax Rates</i>	<i>California Tax Rates</i>
No Federal Tax, Treated as a Partnership	\$800 (Franchise Fee) plus 1.5% of profit

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C Corporations		
<i>Federal Tax Rates</i>		<i>California Tax Rates</i>
\$1-\$18,333,333 of Profit	15-39% of Profit with Brackets at 25%, 34%, 35%, 38% and 39%	\$800 (Franchise Fee) plus 8.8470% of Profit, No Brackets

As always, you should be sure that additional legislation has not been enacted or court decisions rendered, that would change the above advisements. This Advisory is neither exhaustive nor is it tailored to your specific situation. You should discuss your individual situation with us or your own attorney. We look forward to being of assistance to you.

S. Timothy Buynak
 Business and Tax Attorney

This Advisory is one of a series of business and tax advisories prepared by the attorneys at Buynak, Fauver, Archbald & Spray, LLP. Should you have further questions regarding the information provided in this Advisory, please contact the author listed above.

Buynak, Fauver, Archbald & Spray, LLP provides business legal services to individuals, business entities and nonprofit organizations from entity formation and start up, through day-to-day operations and exit strategies

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