



FOR THE LIFE OF YOUR BUSINESS



YANKWITT

Law Firm PLLC

Legal and Tax Implication of Starting a Business in Florida



score.org



Who is SCORE Broward?

- Nonprofit. Established 56 years ago
- National Award-winning Chapter for the past 5 consecutive years
- Cadre of 70 volunteers
- 2,500 face-to-face mentoring sessions/yr.
- 5,500 South Florida entrepreneurs/yr. attend our workshops



Want to talk to someone?

- Schedule a mentoring/counseling session with a SCORE volunteer
 - Usually a 45-60-minute session
 - You tell the volunteer what you want to talk about
 - Ideas you want to bounce off someone with business experience
 - Opportunities you have
 - Challenges you have
 - Specific questions on sales, marketing, finance, HR, business planning, funding, and other business issues
 - Volunteer gives you his/her feedback, suggestions, observations
 - Our mentoring volunteers have a 90% client satisfaction rating



We Help Small Businesses Grow

COVID-19 Resources >

SCORE Broward has consistently been one of the most recognized SCORE Chapters in the United States. Our team of over 70 volunteers have business expertise in a multitude of industries. We offer free Mentoring, low-cost or no-cost Workshops, and participate with many community organizations to foster the formation and growth of small businesses in Southeast Florida and US Virgin Islands.

Free Mentoring ▶ Attend a Workshop ▶

Make an appointment for a counseling session! There is never a charge.



Mentor Request

Already have an account? [Log in](#)

Please fill out the form below so that we can pair you with the best mentor to help you with your business.

Contact Information

First Name *

Last Name *

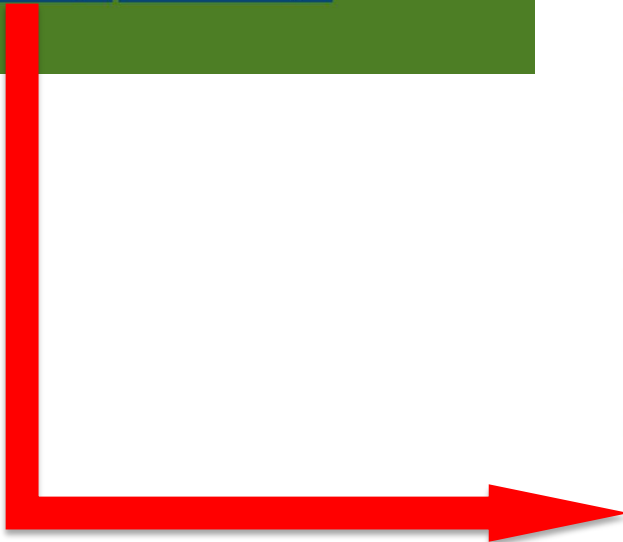
E-mail address *

Re-enter E-mail address *

Phone *

Street Address *

Zip code *





Mentor Request

Alrea

Please fill out the form below so that we can pair you with the best mentor to help you with your business.

Contact Information

First Name *

Last Name *

E-mail address *

Re-enter E-mail address *

Phone *

Street Address *

Zip code *

Your zipcode is a match to [Broward SCORE](#) which offers online scheduling at your convenience.

What Would You Like To Do? *

- Schedule an appointment with a mentor
- Have a mentor contact me.



Mon	Tue	Wed	Thu	Fri
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10:00 AM - 11:00 AM Cohen	10:00 AM - 11:00 AM Donovan	10:00 AM - 11:00 AM Long	10:00 AM - 11:00 AM Cohen	10:00 AM - 11:00 AM Long
10:00 AM - 11:00 AM Long	10:00 AM - 11:00 AM Long	11:00 AM - 12:00 PM Long	10:00 AM - 11:00 AM Long	11:00 AM - 12:00 PM Long
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	10:00 AM - 11:00 AM Peters	11:00 AM - 12:00 PM Long	10:00 AM - 11:00 AM Fulton	11:00 AM - 12:00 PM Long
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	More Times Available +		More Times Available +	



Webinar/Workshop Guidelines

- This webinar is being recorded
- Upon completion you will receive an email with:
 - The url to a recording of this webinar
 - A .pdf copy of this presentation
 - Any supporting documents referred to during the presentation
- Ask questions as we go by using the “Q&A” button on your screen

About our Speaker – Eric D. Yankwitt, Esq.



4 Main Types of Business Structures

- Sole proprietorship
- Partnership
- Incorporations
- Limited liability corporation (LLC)

Sole Proprietorship

- Doing Business As (D/B/A- you can have multiple for the same entity)
- County/ City Business Tax Receipt – for each city/county
- Unlimited Liability Contractual/ Tort
- Very high taxes (Self Employment tax 15.3%)
- Very simple to open and to operate,
 - I suggest a separate bank account

Partnership

- County/ City Business Tax Receipt
- Assumed 50/50 ownership
- Unlimited Liability / Mistake of Partner/ Contractual/ Tort
- Very high taxes (Self Employment tax 15.3%)
- Business Operating Agreement
 - Upholstery partner example
 - Why did Cain kill Able

SunBiz.Org

- Website (Can do it yourself)
- LLC & Inc. and more
 - Many Choices
 - Registered Agent
 - Must renew every year by the end of April
 - Commingling is a no-no
 - IRS.Gov does not link to it

Definitions

C Corporation

- A corporation is a legal entity that is separate and distinct from its owners. Corporations enjoy most of the rights and responsibilities that an individual possesses; that is, a corporation has the right to enter into contracts, loan and borrow money, sue and be sued, hire employees, own assets and pay taxes.
- Stock Exchange- Raise money from investors – Accounting fees and legal fees minimum \$250,000
- Corporations are often called "C Corporations."
- The most important aspect of a corporation is limited liability. That is, shareholders have the right to participate in the profits, through dividends and/or the appreciation of stock, but are not held personally liable for the company's debts.
- A **C Corporation** pays taxes on its net earnings at corporate rates. Salaries of officers, directors, and employees are taxable to them and deductible to the corporation. However, money paid out in dividends is taxed twice. It is taxed at the corporation's rate as part of its profit, and then at the individual stockholders' rates as income, when distributed by the corporation to them.

Advantages and Disadvantages

C Corporation Advantages

- If taxpayers are in a higher tax bracket than the corporation and the money will be left in the company for expansion, taxes are saved. Fringe benefits, such as health, accident, and life insurance, are deductible expenses.

C Corporation Disadvantages

- **Double taxation of dividends** by the federal government can be a big disadvantage. Also, most states have an income tax that only applies to C corporations and applies to all income over a certain amount.
- As a separate legal entity, a corporation must submit a tax return each year with the IRS. For corporations with a fiscal year ending December 31, tax returns are due on March 15. A corporation must file a tax return even if it does not have income or no tax is due.

LLC (Limited Liability Company)

- A limited liability company (LLC) is a corporate structure whereby the members of the company cannot be held personally liable for the company's debts or liabilities.
- Like a corporation, a **limited liability company** or "**LLC**," is a separate and distinct legal entity. This means that an LLC can get a tax identification number, open a bank account and do business, all under its own name.
- Limited liability companies (LLC) differ slightly from one country to the next. However, it is essentially a hybrid entity that combines the characteristics of a corporation and a partnership or sole proprietorship. While the limited liability feature is similar to that of a corporation, the availability of flow-through taxation to the members of a LLC is a feature of partnerships.
- **Taxwise 4 different ways –LLC-sole, LLC-partnership, LLC + 8832, = C Corporation. LLC +8832 + 2553 = S Corporation**

Advantages and Disadvantages

LLC Advantages

- Owners, called members, have "limited liability," meaning that, under most circumstances, they are not personally liable for the debts and liabilities of the LLC.
 - For example, if an LLC is forced into bankruptcy, then the members will not be usually be required to pay the LLC's debts with their own money. If the assets of the LLC are not enough to the debts and liabilities, the creditors generally cannot look to the owners for payment. Their debt was with the LLC, not the people that owned the LLC.
- Limited liability companies are even flexible when it comes to taxes, offering lots of options so you can create a tax plan that works for you. This simplicity, protection, and ease of use have made forming an LLC a popular choice for small businesses in America.

LLC Disadvantages

- An LLC has to be dissolved upon the death or bankruptcy of a member, unlike a corporation, which can exist in perpetuity. Also, an LLC may not be a suitable option when the objective of the founder is to eventually become a publicly listed company.

Advantages and Disadvantages

S Corporation Advantages

- Avoids double taxation and allows the pass-through of losses and depreciation. For tax purposes, the business is treated as a partnership. Since tax losses are common during the initial years due to start-up costs, many businesses elect S status and switch over to C corporation status in later years. Be aware that once a corporation terminates its S status, there is a waiting period before it can switch back. Typically, S corporations do not have to pay state corporate income tax.

S Corporation Disadvantages

- If stockholders are in high income brackets, their share of the profits will be taxed at those rates. Shareholders who do not materially participate in the business cannot deduct losses. Some fringe benefits, such as health and life insurance, may not be tax deductible.

S Corporation Definition

- Not on Sunbiz.org
- Must elect IRS status within 2 ½ months
 - From inception or start of the new year
- Less than 100 shareholders
- Must be US citizens or Green card holders
- Appeals normally upto 2 years

Insurance

- General liability
- Workers Comp
- Umbrella

Miscellaneous

- D/B/A - as many as you want
- Qucikbooks vs Quicken vs Excell
- Tax Id
 - IRS .Gov
 - <https://floridarevenue.com/pages/default.aspx>

Taxes, Taxes, Taxes

“C” Corporation tax:

- To avoid paying double tax the corporation gives a salary of exactly the profits

Salary of \$30,000 for S Corporation payroll tax of just 15.3%

- Breakeven analysis = when you think you will earn \$10,000 net

	LLC single/2	8832	8832/2553
	Sole/Partnership	"C" Corporation	"S" Corporation
Gross	\$ 120,000	\$ 120,000	\$ 120,000
Expenses	-20,000	-20,000	-20,000
Net Profit	\$ 100,000	\$ 100,000	\$ 100,000
SEC 199	-20000-		-20000
Taxable Profit	\$80,000		\$80000
		21000 (+7900)	
SS 15.3%	15,300	15,300	4,590
Fed Tax 10%	8,000	10,000	8000
Total Personal	\$ 23,300.00	\$ 25,300.00	\$ 12,590.00

Breakeven Analysis

- If Salary was \$3,000
- Cost of accountant
- Renewal fees

	LLC single/2		8832/2553
	Sole/Partnership		"S" Corporation
Gross	\$ 12,000		\$ 12,000
Expenses	-2,000		-2,000
Net Profit	\$ 10,000		\$ 10,000
SEC 199	-2,000		-2,000
Taxable Profit	\$8,000		\$8,000
SS 15.3%	1,530		459
Fed Tax 10%	800		800
Total Personal	\$ 2,330		\$ 1259

Next steps

- Continue your search for knowledge through other SCORE's workshops/webinars and mentoring/counseling services: www.broward.score.org



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Broward

SCORE has locations throughout Broward County

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[COVID-19 Resources >](#)

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[Free Mentoring ▶](#)

[Attend a Workshop ▶](#)



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Follow-Up

- In the next 24 hours you will receive an email:
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 - A .pdf copy of this presentation
 - A link to write us a Google review. It will help us help others looking to succeed in business!

Was this helpful? Write us a Review!

✓ It will help other entrepreneurs seeking advice/workshops find us!

✓ Copy and paste this link to your browser to write a review:

https://www.google.com/search?gs_ssp=eJzj4tVP|zc0TCqJz7I0tbAwYLRsNaiwsEixNDAwNU|JskxMS04|tTKoMDJINjZNsUi2MDAxTTJPNvbiTSrKL08sSIEoTs4vSgUAm0|USA&q=broward+score&rlz=|C|DVJR_enUS884US887&oq=browardscore&aqs=chrome.l.69i57j46i|3i|75i|99j0i|3j0i|3i30j0i8i|3i30i395|5.9038j|j|5&sourceid=chrome&ie=UTF-8#lrd=0x88d90055dbaaafce5:0x20c35d8c8045b7c3,l,,

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» By appointment only