

<b>Sole proprietorship versus S corporation</b>							
	<b>Sole</b>	<b>S</b>					
	<b>Proprietor</b>	<b>Corporation</b>					
Net taxable income before owner salary	100,000	100,000					
Less: owner salary	-	(50,000)					
Taxable income before 20% pass through deduction	100,000	50,000					
Pass through tax deduction rate	20%	20%					
Pass through tax deduction	20,000	10,000					
Taxable income for personal tax return	80,000	40,000					
Self-employment tax (soc. Security & Medicare)	12,240	-					
Social Security & Medicare on owner salary	-	7,650					
<b>Income taxes on personal return:</b>							
Owner salary	-	50,000					
Business profit	80,000	40,000					
Total taxable income	80,000	90,000					
Federal tax rate	24%	24%					
Federal income taxes	19,200	21,600					
Self employment tax	12,240	-					
Social Security & Medicare on owner salary	-	7,650					
Total federal taxes	31,440	29,250					