

Choice of Entity

How a newly formed business entity is taxed can have a significant economic impact on that entity and its affiliates. Several issues must be addressed pertaining to choosing the type of entity: C corporation, S corporation, general partnership, limited partnership or limited liability company (and if such LLC will or should be taxed as a sole proprietorship, partnership, corporation or disregarded entity). Polsinelli Tax attorneys have in-depth knowledge and experience in counseling and assisting clients with complete tax entity planning processes, including the more atypical/exotic entity forms (i.e., a cooperative, REIT, UPREIT and REMIC).

In addition to tailoring specific tax considerations to each client, Polsinelli Tax attorneys discuss with clients the following items regarding possible tax advantages and disadvantages about the tax structure involved in their "choice of entity" decision:

- Nature of the business
- Economic implications
- Incentive option plans
- Capital raising options
- Current and future tax implications
- Utilization of blocker corporations
- Tax-relationship coordination with affiliated entities
- Exit/sale strategies

Polsinelli Tax attorneys also assist and counsel clients with "mid-stream" changes in entity type (e.g., the incorporation of an LLC taxed as a partnership) and the possible tax implications of such changes.