LIMITED LIABILITY COMPANIES — FOUNDATION PACKAGE

LLC Set-Up, Implementation, Planning & Preparation

Forming the LLC is the paperwork. Setting the structure up right, running it correctly, and planning every year is the work that determines your outcome — and that is where we begin.

Most new owners have their LLC filed and their EIN in hand, and assume the setup is done. It isn't. How the entity is taxed, how you pay yourself, how you track basis, and how you handle California's filing obligations are decisions that get made in the first months — and quietly compound for years. This package puts that structure in place correctly from the start, then keeps it running with year-round guidance and the annual return.

WHAT THE PACKAGE COVERS

1 Set Up the Financial Structure

We establish the foundation the entity needs to operate cleanly and defensibly:

- Confirm the tax election — default treatment vs. an S-corporation election — modeled against your income and goals before anything is filed
- Chart of accounts and bookkeeping structure aligned to how an LLC is actually reported
- Separation of business and personal finances — accounts, records, and the documentation that protects the liability shield
- Opening capital contributions and beginning basis established and recorded
- California registration and account setup — Form 568/565 obligations, the $800 annual tax, and the LLC fee where total income reaches $250,000+
- Accountable plan and reimbursement framework where appropriate

2 Ongoing Professional Guidance & Support

Year-round access to your CPA — not a once-a-year handoff. We keep the structure current as the business grows:

- Quarterly tax management — projections and estimated payments kept accurate as income moves
- Direct access to answer questions before decisions are made, not after
- Retirement-plan strategy layered on the structure (Solo 401(k), SEP, cash balance) as income supports it
- Coordination with your attorney, financial advisor, and bookkeeper so guidance is aligned, not fragmented
- Re-evaluation of the S-corp election as profit crosses the threshold where it begins to pay

3 Tax Law, Distributions & Compliance

We advise on the rules that govern your entity and keep you on the right side of them — then prepare the return that reflects the year's planning:

- Distribution planning coordinated with basis, cash flow, and (for S-corps) reasonable compensation
- QBI §199A, California PTET, and multi-state considerations applied to your facts
- Guidance on the federal and California rules specific to your entity and industry, updated as law changes
- Preparation of the annual entity and individual returns — the final step of the year's plan, not a standalone event

WHERE THE TWO PATHS DIFFER

An LLC is a legal entity; how it is taxed is a separate decision. The setup branches here — and choosing correctly is part of what this package does.

DEFAULT LLC — DISREGARDED / PARTNERSHIP

- Single-member: reported on Schedule C; multi-member files Form 1065 with K-1s
- California Form 568 (SMLLC) or 565 (partnership); $800 annual tax plus the LLC fee at $250,000+ income
- Basis and capital-account tracking; partnership allocations where multi-member
- Simpler compliance; the right choice below the S-corp break-even

LLC ELECTING S-CORPORATION

- Form 2553 election; files Form 1120-S and California Form 100S
- Reasonable compensation via payroll, remaining profit as distributions exempt from SE tax
- Payroll setup, quarterly filings, and officer W-2 / K-1 coordination
- Added compliance cost — justified once profit clears the break-even we model

HOW WE WORK

You work directly with the principal — a licensed California CPA and AICPA member — not rotating staff. Fees are fixed and agreed in advance. The relationship is year-round and proactive: the goal is that the annual return simply confirms the planning already done, with no surprises in April.

> **THE BOTTOM LINE**
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> An LLC's legal filing is the easy part; its tax outcome is decided by the structure you build around it and the choices you make each year — the election, the basis tracking, the distribution and compensation strategy, and the California layer. Get those right early and the annual return becomes a formality. Get them wrong, or leave them on autopilot, and the cost compounds quietly until it surfaces at filing.

Discuss your situation with Natalie C. Papagni, CPA

Let's get your structure set up right. If you'd like your LLC's tax election, basis, and California obligations handled correctly from the start — and kept current year-round — a complimentary initial consultation is the natural first step.

Natalie C. Papagni, CPA — Tax, Planning & Advisory Services

Office	4275 Executive Square, Suite 200, La Jolla, CA 92037
Phone	(858) 754-8277
Email	service@lajollataxcpa.com
Web	www.lajollataxcpa.com