

Advantages of Setting Up a Small Business as an S-Corp, With Rob Wood, Tax Attorney, San Francisco, California

Posted By *Gabriel Salcido, Arizona Small Business Association, Tuesday, April 08, 2014*

Updated: *Thursday, July 31, 2014*



The old model of how a company is formed has changed over the years with tax law and the evolution of different types of business entities, says Rob Wood, a tax attorney with [Wood, LLP](#) in San Francisco, however some fundamental things have stayed the same.

Businesses need to look at how their business is run, how the income will be taxed and what happens on sale, whether it's anticipated or unanticipated. Wood says to set it up right from the beginning to avoid getting hurt on taxes.

A C-corp and an S-corp are tax terms that refer to articles of a corporation. They are very simple and are mostly for liability protection, says Wood. An S-corp, which stands for Sub Chapter S of the Internal Revenue Code, is a one page form, signed in a certain way and the shareholders have to give consent. The IRS form is a 2553 form. Wood says the business is taxed as a flow-through, so the corporation doesn't pay tax, except for a few here and there, and is treated like a partnership. That's the reason it's attractive, says Wood, because it's a corporation that is an entity with liability protection that's taxed like a partnership. Wood says most small businesses can qualify and should take advantage of S-corps.

For more information on the article written in Forbes magazine about this, click [here](#). Robert Wood is a tax attorney with [Wood, LLP](#) in San Francisco, California and spoke with [The Arizona Business Network](#), sponsored by [ASBA](#). [The Arizona Business Network](#) is a featured network of the [Sequence Media Group](#).