

NEW BUSINESS QUESTIONNAIRE

1. How many owners will there be now and in the future?
2. What is the owner allocation of profits, losses, ownership, and voting?
3. Who are the owners and what are their management capabilities?
4. What are the owners net worth?
5. What is your mission statement and vision statement?
6. Do you have a complete business plan?
7. What have the owners and key personnel done in the past/
8. What is your marketing strategy?
9. Do you have any trademarks, service marks or patents?
10. What type of assets will you have listed in highest to lowest cost?
11. What assets will be contributed?
12. How will the company be financed?
13. What are the projected earnings or losses for years 1-5?
14. Which states will you be operating in?
15. Will you have employees and, if so, how many?
16. Will you work in your home or have a separate office?
17. What are your technology needs?
18. Will you be selling from the internet?
19. Will owner's spouse or other family members be working in the business?
20. How will you be covered by insurance?
21. What are the owner's goals and objectives personally, including retirement?
22. Does the owner have other businesses?
23. Are you buying a business, starting a business or changing an existing business?
24. What tax bracket are the owners in?
25. What is your exit strategy for the business?

X. COMPARISON OF ENTITIES CHECKLIST

Item	Characteristic	Sole Prop.	Single Member LLC's	"C" Corp.	"S" Corp.	Partnership	LLC
	Title	Owner	Member	Shareholder	Shareholder	Partner	Member
1.	Limited Liability	No	Yes	Yes	Yes	No (a)	Yes
2.	Lower audit profile	No	No	No	No	Yes	Yes
3.	Continuity of life (c)	No	No	Yes	Yes	No	Maybe
4.	Centralized management (c)	Yes	Yes	Yes	Yes	Maybe	Maybe
5.	Free transferability of interests (c)	No	No	Yes	Yes	No	Maybe
6.	Number of owners	1	1	1 or more	1-75	2 or more	1 or more
7.	No restrictions on ownership	Yes	Yes	Yes	No	Yes	Yes
8.	Can easily select a fiscal year end	No	No	Yes	No	No	No
9.	Can deduct 100% of owner's health insurance	No (b)	No (b)	Yes	No (b)	No (b)	No (b)
10.	Can deduct owner's portion of group term life up to \$50,000	No	No	Yes	No	No	No
11.	Able to use lower corp. tax rate	No	No	Yes	No	No	No
12.	Able to compensate an employee with equity	No	No	Yes	Yes	Yes	Yes
13.	Can split income between family members	No	No	Yes	Yes	Yes	Yes
14.	Double tax-earnings, liquidation & IRS audit adjustments	No	No	Yes	No	No	No
15.	Can avoid FICA taxes by a. Distributions b. paying children under 18	No Yes	No Yes	No No	Yes No	No (a) No	Maybe No
16.	Subject to: a. AMT b. PHC & AE tax	Yes No	Yes No	Yes Yes	No No	No No	No No
17.	Able to deduct business loss on individual return	Yes	Yes	No	Yes	Yes	Yes
18.	Can transfer assets 'tax free' where 80% control test is not satisfied	N/A	N/A	No	No	Yes	Yes
19.	Can increase basis by 'step-up' election	N/A	N/A	N/A	No	Yes	Yes

	Title	Owner	Member	Shareholder	Shareholder	Partner	Member
20.	Can specially allocate items of income and expense	N/A	N/A	N/A	No	Yes	Yes
21.	Can deduct interest on money borrowed to invest as business interest	Yes	Yes	No	Yes	Yes	Yes
22.	Can use cash basis even if sales > \$5,000,000	Yes	Yes	No (e)	Yes	Yes	Yes
23.	Inexpensive to form and maintain	Yes	Yes	No	No	No	No
24.	Able to deduct expenses paid personally in computing AGI	Yes	Yes	No	No	Yes	Yes
25.	Can transfer assets 'tax free' where debt > basis	N/A	N/A	No	No	Yes (d)	Yes (d)
26.	Basis for loss includes owner's share of company debt	N/A	N/A	N/A	No	Yes	Yes
27.	Existence of reliable case law	Yes	No	Yes	Yes	Yes	Yes
28.	Qualifies for ordinary loss under Section 1244	No	No	Yes	Yes	No	No
29.	May offset active income with passive losses	No	No	Yes	No	No	No
30.	Can easily distribute back the owners investment	Yes	Yes	No	Yes	Yes	Yes
31.	Home office deduction	Yes	Yes	No	No	Yes	Yes
32.	Avoid payroll taxes and administration (if no employees except owner)	Yes	Yes	No	No	Yes	Yes
33.	Section 106 Plans	Yes	Yes	No	No	Yes	Yes

Note: A "Yes" answer suggests a favorable response.
 Note: A "No" answer suggests an unfavorable response.

- (a) Yes if a limited partner
- (b) 70% (100% in Year 2003)
- (c) Unimportant with check the box regs.
- (d) Yes unless partner basis is zero
- (e) Possible up to \$10,000,000 under Rev. Proc. 2002-28

Other considerations:
 State Tax Issues
 Entities Permitted
 Multistate operations
 Management Capabilities
 Estate Issues
 Retirement Issues