

---

---

# TABLE OF CONTENTS

---

---

<b>Introduction</b>	<b>v</b>
I.    What's New for 2018: The Tax Cuts and Jobs Act of 2017	v
<b>Chapter 1: Choosing a Business Form: Introduction and Overview</b>	<b>1</b>
I.    Introduction	1
II.   Sole Proprietorship	2
III.  Partnerships	2
IV.   Corporations	5
V.    S Corporation	6
VI.   Limited Liability Company	7
<b>Chapter 1: Test Your Knowledge</b>	<b>9</b>
<b>Chapter 1: Solutions and Suggested Responses</b>	<b>11</b>
<b>Chapter 2: Formation of Business Entities</b>	<b>15</b>
I.    Introduction	15
II.   General Partnership	16
III.  Limited Partnerships	20
IV.   Limited Liability Partnership	22
V.    Limited Liability Companies	25
VI.   Corporations	27
VII.  Subchapter S Corporation	30
<b>Chapter 2: Test Your Knowledge</b>	<b>33</b>
<b>Chapter 2: Solutions and Suggested Responses</b>	<b>35</b>
<b>Chapter 3: Rights and Duties of Business Owners</b>	<b>37</b>
I.    Partnerships	37
II.   Limited Liability Companies	41
III.  Corporations	49
<b>Chapter 3: Test Your Knowledge</b>	<b>55</b>
<b>Chapter 3: Solutions and Suggested Responses</b>	<b>57</b>
<b>Chapter 4: Management and Control of Business Entities</b>	<b>59</b>
I.    Single-Owner Entities	59
II.   Partnerships	60
III.  Limited Liability Companies	61
IV.   Corporations	68
<b>Chapter 4: Test Your Knowledge</b>	<b>73</b>
<b>Chapter 4: Solutions and Suggested Responses</b>	<b>75</b>

<b>Chapter 5: Liability of Owners</b>	<b>79</b>
I. Partnerships	80
II. Limited Liability Companies	86
III. Corporations	91
<b>Chapter 5: Test Your Knowledge</b>	<b>99</b>
<b>Chapter 5: Solutions and Suggested Responses</b>	<b>101</b>
<b>Chapter 6: Distributions to Owners</b>	<b>103</b>
I. Single-Owner Entities	103
II. Partnerships	103
III. Taxation of Partnership Distributions	107
IV. Limited Liability Companies	115
V. Corporations	126
VI. Subchapter S Corporations	130
<b>Chapter 6: Test Your Knowledge</b>	<b>143</b>
<b>Chapter 6: Solutions and Suggested Responses</b>	<b>147</b>
<b>Chapter 7: Professional Business Associations</b>	<b>151</b>
I. Professional Partnerships	151
II. Professional Limited Liability Companies	152
III. Professional Corporations	155
<b>Chapter 7: Test Your Knowledge</b>	<b>161</b>
<b>Chapter 7: Solutions and Suggested Responses</b>	<b>163</b>
<b>Chapter 8: Transfer, Conversion, and Merger of Entities</b>	<b>165</b>
I. Partnerships	165
II. Limited Liability Companies	169
III. Corporations	182
<b>Chapter 8: Test Your Knowledge</b>	<b>187</b>
<b>Chapter 8: Solutions and Suggested Responses</b>	<b>191</b>
<b>Chapter 9: Termination/Dissolution of Business Entities</b>	<b>195</b>
I. Introduction	195
II. General Partnerships	196
III. Dissolution of Limited Partnership	200
IV. IRS Rules Affecting Termination of Partnerships	202
V. Limited Liability Companies	203
VI. Corporations	213
<b>Chapter 9: Test Your Knowledge</b>	<b>223</b>
<b>Chapter 9: Solutions and Suggested Responses</b>	<b>225</b>

<b>Chapter 10: Taxation of Business Entities</b>	<b>227</b>
I. Self-Employment Tax	228
II. Sole Proprietors	229
III. Required Forms	230
IV. Disregarded Entities: The Limited Liability Company	231
V. Partnerships	247
VI. Taxation of Corporations	250
VII. Subchapter S Corporations	259
VIII. Passive Activity Limitations	265
IX. Note on Fringe Benefits	282
<b>Chapter 10: Test Your Knowledge</b>	<b>285</b>
<b>Chapter 10: Solutions and Suggested Responses</b>	<b>287</b>
<b>Entity Characteristic Summary Table</b>	<b>291</b>
<b>Glossary</b>	<b>297</b>
<b>Index</b>	<b>299</b>
<b>Final Exam Copy</b>	<b>301</b>