

S Corp Equation

A cursory explanation of how S-Corps work.

If you are an S-Corp & make \$100,000
And your reasonable salary as a therapist is \$50,000
Out of that \$50,000 comes federal, state, and sometimes city taxes
PLUS self-employment tax

The other \$50,000 gets taxed by federal, state, and sometimes city but NOT self employment taxes.

Self-employment taxes are 15.3% so you're saving \$7,650

This doesn't include or involve your deductions, tax bracket, etc. It's just meant as a cursory explanation of how S-Corps work