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LLC as your personal piggy bank, you could get in trouble.

Craig Smalley • Jul. 29, 2022



Most people know that you can form a limited liability company (LLC), or a corporation to protect their personal assets. However if you use your corporation or LLC as your personal piggy bank, you could get in trouble. In fact there are a lot of ways to protect your assets. In this article we will discuss the different ways to protect your assets.

First of all, if you own rental properties you can form a Land Trust. A Land Trust is an irrevocable trust. Irrevocable Trust protect your assets. A trust is a contract comprised of three people. You have the grantor, the person that creates the trust. Then you have the trustee the person or entity that controls the assets, then you have the beneficiaries, the people that inherit the assets. It is important to note that a

revocable trust does not protect your assets. A revocable trust is a grantor trust,

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the LLC can protect your assets, however the tax implications can be intense.

A Corporation is different. You have two choices. You can do nothing and be taxed as a C-Corporation which pays 21% in tax, or you can elect to be taxed as an S-Corporation which pays tax at your ordinary income tax rate. Not to mention you have to take a reasonable salary.

In closing, you need help if you are starting a business.

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Craig W. Smalley, MST, EA, is the Founder and CEO of [CWSEAPA, PLLC](#). He has been admitted to practice before the Internal Revenue Service as an Enrolled Agent and has a Master's Certificate in Taxation from UCLA. In practice since 1994, Craig is well-versed in U.S Tax Law and U.S. Tax Court cases, and specializes in individual, partnership, and corporate taxation for high-net-worth clients; entity structuring and restructuring; and representation before the IRS regarding negotiations, audits and appeals. Craig is currently a columnist for CPA Practice Advisor and AccountingWEB and has had 12 books published. His articles have been featured in publications including the Wall Street Journal, The New York Times, and Christian Science Monitor, and he has been interviewed and appeared as a featured guest on numerous radio shows and podcasts. Craig can be reached at craig@craigwsmalleyea.com.

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