

How to Pay LLC Owners in an Startup Business - Everything entrepreneurs need to Know before Tax Deadlines

*American Samoa, USA LLCs Creation is available Worldwide
Anyone from any state, territory, or country can know how LLC is formed in the United States.*

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/EINPresswire.com/ -- [LLC](#) owners have different options of paying themselves but each one comes with some implications of taxes. Forming LLC is the best option to save oneself from liabilities and protect the personal assets.



There are two simple ways to pay owners of LLCs. When LLC owners act as employee and pay owner wages or become a partner and member in the LLC to earn living through profits of LLC.

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Doug Gilmore

Paying owners of the LLC as a wage earners

If a LLC owner is seeking a regular income from a LLC then it is best to act as an employee and receive income throughout the year.

Owners need to actively work in the LLC as an employee or partner to earn the living. For that individuals need to

take responsibility of certain activities that must be performed each day as an owner or employee of LLC.

It becomes difficult to pay oneself when the LLC is a multiple member entity. The owner cannot pay salary to all the multiple owners. If it is a single member LLC then the owner can easily pay salary without setting up salaries for remaining members of LLC.

Keep in mind that the salary that is paid must be in the standards of industry norms because those salaries are considered as operating expenses for the LLC which are an important concern for Internal Revenue Service IRS. Another way to do that is to issue bonuses to the members of LLC who act as employees can pay owners too, but all these payments must be in alignment with the industry norms.

Individuals will also need to file IRS form [W-4](#) that will determine the payroll withholding from each receipt of cheque. Owners will be paid by LLC as W-2 employee and LLC will hold income and employment taxes from. In this case owners will be required to pay tax on earned wages.

Receive distribution from [LLC profits](#)

Another way to earn living through working in LLC is to receive distributions from profits of LLC every year. A member of LLC have some capital amount in the company and can receive year end profits through

the distribution of profits. Let's say, a LLC member had invested \$50000 in the LLC then from a total profit of \$20,000 will receive \$10,000 as a distribution share from profit.

An alternative way to do that is to receive on going payments each month by setting up an expected profit of the company every year and accordingly pay owners/members each month. Let's say that expected earning for whole year will be \$24,000 then members can set up a regular payment of \$2,000 each month. LLC will deduct the year end profits on the basis of total amount received each month through expected earning as a capital investor. For example, the total amount of profits is \$20,000 and a member received \$16,000 then the company at the end of the year will pay members \$4000.

In case it is a single member of the LLC then the owner will pay income tax on profit distributions on the owners name and will also file Schedule C to report the loss and profit in the LLC with a

Limited Liability Company (LLC)

- Definition: Business organization with limited liability of a corporation, yet taxed like partnership
- Formed under state law
- Owners of LLC ("members") pay personal income taxes on shares they report
- No limitation on number of owners permitted in LLC

LLC Definition llc.as.gov



Anonymous LLC

personal tax return. If there are two or more members in the LLC then each member will be required to disclose the profits and losses according to the distribution of profits by LLC and pay income tax on those profits. The LLC will also file IRS form 1065 that will disclose the distribution of profits among various members.

Understand one thing that receiving a salary and receiving a distribution among profits at the end of the year are not mutually exclusive. Even if LLC members are getting a pay check every month even then members of the company are still entitled to profits that LLC distributes every year.

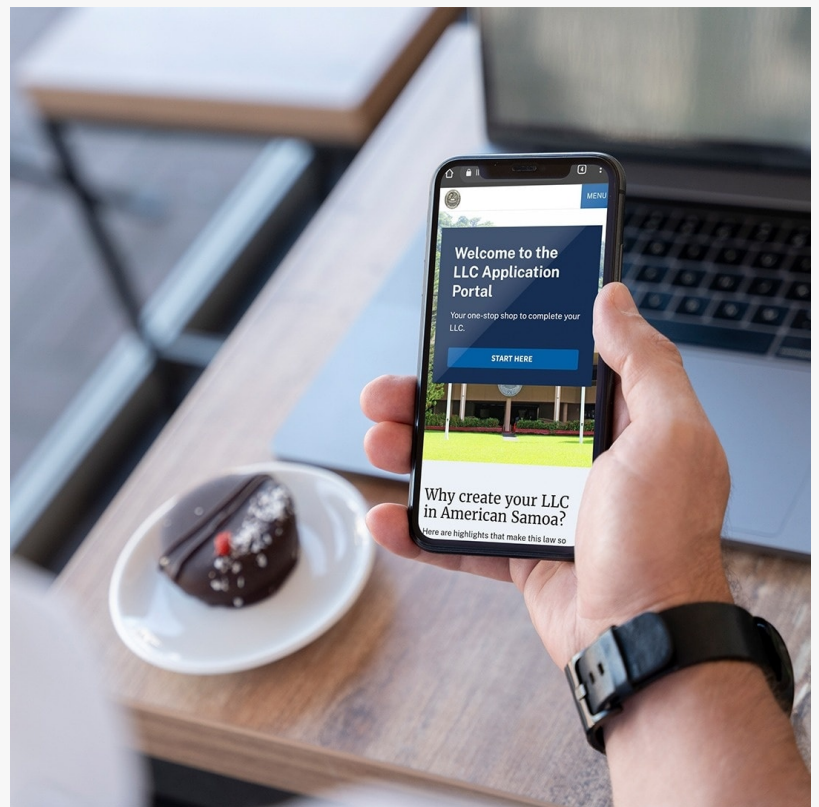
Work as an independent contractor

Another way to pay individuals when related to any LLC is to act as an independent contractor for the LLC. Select any activity of choice that owners are capable to do efficiently and do it as a contractor for the company and receive monthly income through the contract. This can be working as a graphic designer or account manager or any other activity related to the LLC.

IRS requires form W-9 with the LLC and form 1099 MISC that independent contractors have to file at the end of the year. When individuals are acting as independent contractor for LLC are also required to pay self-employment taxes on earned income.

Choose not to receive payment

Another option of not paying LLC member anything and let the profits remain in the LLC. Whether owners are paid or not LLC owners are still receiving profits from the LLC and that is why income taxes are paid on earned profits.



Online American Samoa LLC available 24 hrs a Day!



LLC for your Personal Brand

American Samoa, USA is the NEW #1 Place in United States to form a LLC

American Samoa, USA LLCs Creation is available Worldwide

Anyone from any state, territory, or country can know how LLC is formed in the United States. No American Samoa address is needed. No United States citizenship is required.

Anonymity

An American Samoa LLC is always anonymous, meaning it does not disclose the names of its owners to the public. This is critical in today's LLC digital world.

Personal Asset Protection

An LLC offers a legal structure that protects the owners personal assets. This applies to all members of the LLC. American Samoa LLCs are protected by both State and United States Federal Laws.

0% LLC Taxes

LLCs formed in American Samoa do not pay state LLC tax, corporate income tax, LLC Unitary taxman franchise tax, or inventory tax.

American Samoa on Map location Protects LLCs against Frivolous lawsuits.

American Samoas remote location shields businesses from frivolous lawsuits. If individuals want to sue a business in American Samoa individuals will need to fly there and show up in physical court.

LLC Registered Agent

Save money on registered agent costs by being LLCs being own Registered Agent. Businesses do not need an address in American Samoa to be registered agents there. This had made the process simple and easy for anyone!

Free IRS EIN Tax Number directly from IRS.GOV

Obtain an IRS Federal Tax EIN online for an American Samoa LLC at IRS.GOV

Create an LLC in American Samoa online at <https://llc.as.gov>

The perk of forming an American Samoan LLC is to enjoy a high degree of flexibility. To get the full variability and flexibility of an LLC in American Samoa, use a dedicated portal to speed up and streamline the formation of an LLC. In the end, most business owners are joyous to find out how much they saved their valuable time through the Official US Government Website.

American Samoa Where?

Setting up a limited liability company (LLC) in American Samoa can help establish an independent legal entity for conducting business operations and holding cryptocurrencies such as NFTs. LLCs are available in states, territories, and insular areas such as Puerto Rico and American Samoa. Also known as Limited Liability Companies, LLCs are special entities created under state laws that provide liability protection to owners involved in business activities.

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