

Setting Up Your Business Entity

To become an Opolis Member, you will need to set up a business entity with an 'S' Corp designation or set up a 'C' Corp.

Why do I need to set up this particular type of entity?

First, in order to formally employ yourself as an owner, the IRS requires you to elect an 'S-Corp' or 'C-Corp' taxation status. A plain LLC taxed as a sole proprietorship won't get you this benefit because only corporations (S-Corp or C-Corp) are legally allowed to pay business owners as W2 employees.

What happens once I choose an entity?

- Your business entity becomes your legal employer and you become an employee of the entity.
- Opolis Employment Commons LCA can now become the 'employer of record'¹ for your entity. This means that you are now an employee of the Employment Commons LCA for payroll and benefits purposes and Opolis can issue paystubs and a W2 on behalf of your entity.
- At the end of the tax year, the employee and entity must file separate tax returns.

What are the key differences between 'S' Corps and 'C' Corps?

Difference	'S' Corp	'C' Corp
Size	Usually for smaller businesses. Has to have less than 100 shareholders, all of whom must be U.S. Citizens or permanent residents.	Can grow beyond 100 shareholders and have other entities as shareholders.
Taxation	Any profits pass through to owners' personal tax returns. Benefits costs cannot be deducted.	Double taxation - corporation profits incur corporate income tax. Any after-tax profits distributed to shareholders incur individual income taxes. Benefits costs can be deducted.

We recommend [this article from LegalZoom](#) to read more about the pros and cons of both 'S'-Corps and 'C'-Corps.

Which one should I choose?

We always advise Members to consult with their CPAs or tax attorneys to help choose the best business structure for them. However, 98% of Opolis Members select an LLC that elects the 'S' Corp status. Platforms such as [LegalZoom](#), [ZenBusiness](#) or [IncFile](#) handle the S-Corp election process.

¹ An employer of record (EOR) is an organization that serves as the employer for tax purposes while the employee performs work at a different company.

Have any questions?

Please reach out to us at membership@opolis.co