

## Addendum: Resolving Complicated Partnership and S Corporation Activity

### Revision 1

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The standard deduction amount used in the example is \$13,850, not \$12,950. The tax savings remains the same, however the calculation should be \$27,182-\$22,651.

He is presented the following chart. It assumes that \$60,000 is reasonable compensation for his services, and that he will claim a standard deduction of \$13,850 for a single person. Jason is in the 22% tax bracket with or without the S election. However, he still saves \$4,531 (\$27,182 – \$22,651) in total taxes by making the S election, mainly due to the difference in Social Security and Medicare taxes.

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