HYPOTHEtical fact patterns for corporations, partnerships, and unincorporated businesses are presented to provide an overview of typical tax reporting for commercial businesses and professional practices. Included are tax returns for two unincorporated businesses, two types of partnerships, and three types of corporations.

The hypothetical unincorporated business reported on the Schedule C of the personal income tax return:

• A sole practitioner, and
• A business involved in product sales.

Partnership hypothetical tax returns:

• A real estate limited partnership, and
• A service-oriented business.

Corporate hypothetical tax returns:

• A service-oriented business (“loan-out corporation”),
• A “C” Corporation for a business involved in product sales, and
• An “S” Corporation involved in product sales.

The extensive variety of examples provided in the above mentioned hypothetical situations will cover many of the most common scenarios lawyers will confront in actual practice. Hopefully, the observations and explanations in the text and the accompanying hypothetical tax returns will prove invaluable to lawyers who wish to gain a greater understanding of business tax returns.