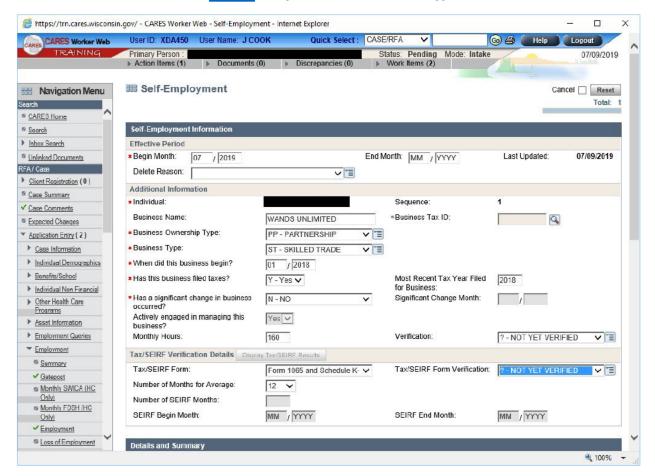# SEI TYPE OF EMPLOYMENT

What are the four Business Ownership Types of SEI?
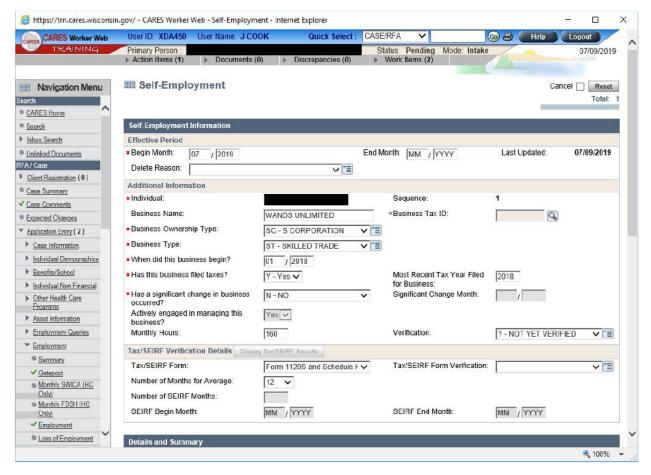
And what do they mean?

I. **Partnership (PP)**
- This is a limited liability corporation (LLC) with more than one owner
- Form 1065 and Schedule K 1 (1065) are requested for this type of business
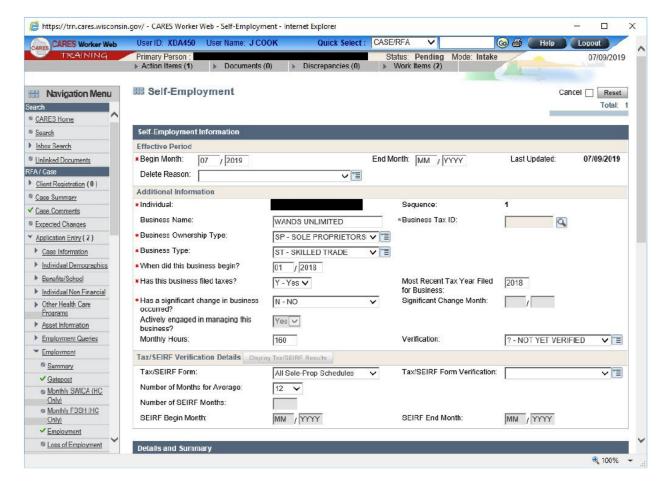- Worksheet f-16036 is required for this business type

II.   S Corporation (SC)
- An S Corp is an LLC with more than one owner as well
- Form 1120S and Schedule K-1 (1120S) are requested
- **Worksheet F-16035 is required for S Corps.**
- The major difference in an S Corp and a Partnership is the employment status of owners who work in the business:
    a. With a Partnership, the business owners are not considered employees — they share in the profits (or losses) of the business and do not draw a salary
    b. With an S Corp, if a partner does more than minor services for the company, they can draw a salary and be compensated for their time (note that we must include the owner's salary as EI if this is the case)
    c. The advantage to the owners is they can take money out of the business without paying employment taxes.

III.   Sole Proprietorship (SP)
- The member is the sole owner of the business
- This will be the majority of SEI cases
- We request all tax schedules and forms for this business type and update the field when the schedules are returned (Schedule C, C-EZ, D, E, F and/or 4797)

IV.   Unknown **(UN)**
- Use this code if the member is unsure of their SEI business ownership type, or if the individual did not provide this information (worker could attempt to call and clarify this)
- This will generate a VCL to request all tax forms and schedules rather than specific forms, worker must update the SEI business ownership type once verification is received

V.   C Corps
- This is no longer a business ownership type
- Corporation income is no longer budgeted as self-employment income
- Any wages or salaries that the member receives from the corporation will still be budgeted as EI **(Ops Memo 19-J4)**

References:

Process Help 16.2 https://prd.cares.wisconsin.gov/help/ph/ph.htm

Ops Memo 19-J4 https://www.dhs.wisconsin.gov/dms/memos/ops/dms-ops-2019-j4.pdf