

FONCE-3 - Entity Types That May Qualify for the FONCE Exemption

This article is for informational purposes only.

No type of corporate entity, including an S corporation, can qualify for the FONCE exemption.

A Limited Liability Company (LLC) and limited partnership are non-corporate entities that may qualify for the FONCE exemption if all other requirements are met. For example, an LLC or LP must be at least 95% owned by a family member (an individual that is a natural person) and meet the passive income test.