

LLC - EIN or SSAN - Discussion

In Michigan, setting up one LLC per rental property is a common strategy — and yes, it's generally reasonable. Here's how it works and what you need to know about SSNs vs EINs:

**1. Is one LLC per property reasonable?*

****Yes, and here's why landlords do it:****

- ****Liability isolation****: The main reason. If a tenant at Property A sues, only LLC-A's assets are at risk. Properties B, C, D in their own LLCs are shielded. With all properties in one LLC, a lawsuit on one could jeopardize all of them.
- ****Cleaner bookkeeping/financing****: Easier to track income/expenses per property. Some lenders also prefer single-asset entities.
- ****Sale/refinance flexibility****: You can sell the LLC or the property without touching the others.

****Tradeoffs to consider:****

| Factor | Impact |

| --- | --- |

| ****Cost**** | Michigan LLC filing = \ \$50 each. Annual Statement = \ \$25/year each. So 4 LLCs = \ \$200 to start + \ \$100/yr |

| ****Complexity**** | Separate bank accounts, tax filings, insurance policies, annual reports for each LLC |

| ****Insurance**** | You'll still need landlord policies per property. The LLC doesn't replace insurance |

| ****Charging order protection**** | Michigan has decent charging order protection for multi-member LLCs, weaker for single-member. One-per-property helps anyway |

So it's reasonable if you have enough equity/value in each property to justify the cost + admin. For 2-3 \ \$80k duplexes, maybe. For 10 \ \$300k homes, definitely worth considering.

**2. Can you use your SSN for all LLCs? Or need an EIN?*

It depends on how the IRS classifies your LLCs for tax purposes:

****Single-Member LLC = “Disregarded Entity” by default****

If you’re the only owner and don’t elect corporate taxation:

- 1. **No employees + No excise tax** → You *can* use your SSN for federal tax purposes. The LLC’s income goes on your Schedule E, 1040. IRS treats it like a sole prop.**
- 2. **You have employees OR elect S-Corp/C-Corp tax treatment** → You *must* get a separate EIN for that LLC.**

****Practical reality for rentals**:**

Even if the IRS says SSN is okay, you’ll probably want an EIN anyway because:

- 1. **Bank accounts**:** Most banks require an EIN to open a business checking account in the LLC’s name. Commingling personal + LLC funds pierces the corporate veil.
- 2. **Privacy**:** You’ll give your EIN to tenants, vendors, property managers instead of your SSN.
- 3. **1099s**:** If you pay contractors >\\$600, you need to issue 1099-NEC. IRS prefers EIN for the payer.
- 4. **Michigan**:** For Michigan sales/use tax or withholding, if applicable, you’d need a separate state ID, which often starts with a federal EIN.

****Multi-Member LLC or Corp election** → EIN required, no choice.**

**Bottom line for your setup**

If you set up 5 single-member LLCs for 5 rentals, no employees, taxed as disregarded entities:

- ****IRS minimum**:** You could legally use your SSN for all 5 on your tax return.
- ****Real world**:** Get an EIN for each LLC anyway. They’re free, instant online at irs.gov, and you’ll need them for banking + proper separation. One EIN per LLC.

****Key steps if you go the one-LLC-per-property route:****

- 1. File each LLC with Michigan LARA, \\$50 each**
- 2. Get EIN for each at irs.gov - takes 5 min**
- 3. Open separate bank account for each LLC + EIN**
- 4. Deed the property into the LLC’s name and update insurance to list**

LLC as insured

5. File Michigan Annual Statement for each by Feb 15, \ \$25 each

6. Keep funds separate. Pay yourself via member draws, not by paying personal bills from LLC account

****Important**:** This isn't legal or tax advice. Michigan's Corporate Transparency Act and federal CTA reporting may also apply to each LLC. Talk to a Michigan real estate attorney + CPA before you set this up. They'll weigh asset protection vs cost vs your specific risk level.

Want me to run the numbers on cost vs liability for, say, 3 properties in one LLC vs three LLCs?

Short answer: Not exactly — it's about *how* the LLC is taxed, not just whether you use an SSN or EIN.

**The rule: "Disregarded entity" vs "Separate return" **

For a **Single-Member LLC in Michigan, the IRS default is a "disregarded entity." That means:**

| **If you use... | Do you file a separate LLC tax return? |**

| **-- | -- |**

| ****SSN or EIN, taxed as disregarded** | **No.** No Form 1065, 1120, or 1120-S. You report rental income/expenses on your personal Schedule E, Form 1040. The EIN is just an ID number. |**

| ****EIN, elect S-Corp or C-Corp** | **Yes.** S-Corp = Form 1120-S + K-1. C-Corp = Form 1120. |**

| ****Multi-member LLC** | **Yes.** Partnership = Form 1065 + K-1s to members. |**

So having an EIN does *not* automatically force a separate tax return.

****Example: 3 properties, 3 SMLLCs, all disregarded****

1. LLC-A gets EIN 12-3456789, owns 123 Main St

2. LLC-B gets EIN 98-7654321, owns 456 Oak St

3. LLC-C uses your SSN, owns 789 Pine St

For federal taxes: You file *one* 1040. All 3 rentals go on *one* Schedule E. No 1065/1120 for any LLC. The EINs are just on bank accounts, W-9s you give to property managers, etc.

**Where returns *do* multiply: Michigan + other filings**

Even with disregarded SMLLCs:

1. ****Michigan Annual Statement****: \ \$25 per LLC, due Feb 15 each year. 3 LLCs = 3 filings, regardless of EIN/SSN.
2. ****Federal CTA / BOI Report****: As of 2026, each LLC files a Beneficial Ownership Information report with FinCEN. One per LLC.
3. ****Michigan Corporate Income Tax****: Disregarded SMLLCs don't file CIT-5080. But if you elect S-Corp/C-Corp, then each corp files separately.
4. ****1099s****: If LLC-A pays a contractor \ \$1000, LLC-A issues a 1099-NEC using its EIN. So each LLC with vendor payments does its own 1099 filing.

**Using only your SSN for all LLCs**

You ***can*** do this if:

- No employees
- No excise tax liability
- No corporate tax election

Upside: Simpler W-9s, no EIN to track.

Downside: Banks often won't open a business account without an EIN. And if you commingle funds because you only have a personal account, courts can "pierce the veil" and kill your liability protection. The whole point of separate LLCs gets undermined.

**The real tax burden decision tree**

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1 LLC per property?

├ Yes → Single-member, default tax?

│ └ Yes → 0 extra ***income tax*** returns. Just Schedule E. EIN or SSN doesn't change that.

│ └ No, S-Corp election → Form 1120-S per LLC per year

└ No → All in 1 LLC → Still just Schedule E, but you lose liability

isolation

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****So the logic is**:**

EIN ≠ separate return.

Corporate/partnership tax election = separate return.

Multiple LLCs = multiple Michigan Annual Statements + BOI reports, even if disregarded.

Most CPAs will tell you: get the EINs for banking/legal separation, stay disregarded for tax simplicity, and accept that you'll have \ \$25 x N in annual reports. That's the cost of the liability wall between properties.