



## Business Entity Comparison Chart

	<b>Sole Proprietorship</b>	<b>General Partnership</b>	<b>Limited Partnership</b>	<b>C Corporation</b>	<b>S Corporation</b>	<b>Limited Liability Company (LLC)</b>
<b>Business Owned By</b>	Sole proprietor	Partners	Partners	Shareholders	Shareholders	Members
<b>Number Of Owners</b>	Only one	One minimum	1 General & 1 Limited Partner minimum	1 to unlimited	1 to 100	1 to unlimited
<b>Owners have personal liability for business obligations</b>	Sole proprietor is liable	All partners are liable	Only general partners are liable	No	No	No
<b>Management decisions made by</b>	Sole proprietor	General partners	Only the general partners	Board of Directors	Board of Directors	Members unless the LLC elects manager management
<b>Effect on business of an owner's death or departure</b>	Terminates	Terminates unless Partnership Agreement states otherwise	Terminates unless Partnership Agreement states otherwise	None	None	None unless LLC Agreement or State says otherwise
<b>Transfer of Ownership</b>	Easy	Consent of all partners usually required by Agreement	Consent of all partners usually required by Agreement	By stock transfer (securities laws may limit)	By stock transfer (securities laws may limit)	Most LLC Agreements require approval of members
<b>Required paperwork and legal formalities</b>	Minimum	Minimum	Initial filing	Initial filing – record meetings of directors & shareholders	Initial filing – record meetings of directors & shareholders	Initial filing
<b>Raising Capital</b>	From the sole proprietor	From the partners	From the partners	Sale of stock & other permitted instruments	Sale of stock & other permitted instruments	From the members
<b>Income Taxes</b>	Paid by sole proprietor	Paid by partners unless elect corporate tax status	Paid by partners unless elect corporate tax status	Paid by the corporation	Passed thru & paid by the shareholders	Paid by members unless elect corporate tax status
<b>Who Deducts Losses</b>	Sole proprietor can deduct from active business income	Active partners can deduct from active business income	Special rules apply – check with tax advisor	Corporation	Passed thru to the shareholders	Special rules apply – check with tax advisor
<b>Deductible Benefits for Working Owners</b>	Not usually but can deduct medical insurance & set up IRA or Keogh retirement plan	Not usually but can deduct medical insurance & set up IRA or Keogh retirement plan	Not usually but can deduct medical insurance & set up IRA or Keogh retirement plan	Many fringe benefits like stock option & bonus plans - medical & life insurance	Not usually but can deduct medical insurance and set up IRA or Keogh retirement plan	Not usually but can deduct medical insurance & set up IRA or Keogh retirement plan unless elect corporate tax status
<b>Who Finds This Entity Best for Them</b>	Sole owner who wants no red tape & is OK with personal liability	Multiple owners who want little red tape & are OK with personal liability	Multiple owners with passive owners wanting limited liability & pass thru tax status without forming an LLC	Owners who want limited liability and the ability to reduce overall taxes by splitting income taxes	Owners who want limited liability and pass thru tax status with the formal structure of a corporation	Owners who want limited liability and pass thru tax status