

Business Structure

Type Business	Sole Proprietor	General Partner	Limited Partner	C-corp	S-corp	Limited Liability Company
Definition	A business owned and operated by one person for profit.	Two or more people who jointly own and operate a business.	One or more partners have limited liability and no rights of management.	Formed under State and Federal Law. An artificial entity separate from its owners.	Structured like a corporation but taxed like a partnership.	Business entity created by statute. Owners called members. Taxed like S-Corp or partnership. Has limited Liability like a corporation
Ease of formation	Easiest form of business to set up. Permits licenses, taxpayer ID still may be required.	Easy to form and operate. A written partnership agreement is recommended. Employer ID number required.	File certificate of Limited Partnership with the Secretary of State. Name must show that business is a limited partnership. Need written agreement and must maintain certain records.	File articles of incorporation with Secretary of State. Prepare bylaws and follow corporate formalities.	Meet all qualifications of S-Corp and file a timely election with the IRS. (within 2.5 mos. of 1st Taxable year.)	File articles of organization with the Sec/State. Adopt operating agreement, and file necessary reports with the Sec/State. LLC must be in the name.
Period of Existence	Terminates at will or on the death of the owner.	Terminates by agreement, or by death or withdrawal of partner, unless there is a partnership agreement to the contrary.	Same as General Partnership.	Formal dissolution. Most stable form of business Not affected by death or disaffiliation of shareholder.	Same as C-Corp.	Terminate by agreement or withdrawal of member. Depending on the operating agreement.
Taxes	Profits taxed once. Profit and loss are reported on individuals State and Federal tax returns.	Profits taxed once. Each partner reports his or her share of the profit and federal income tax returns. Partnership files an information return.	Same as General Partnership.	Subject to double taxation. Once at the corporate level and again at the shareholder level.	Taxes once. Each shareholder reports individual profit or loss on individual tax returns. S-Corp does not pay taxes.	Each member reports individual share of profit and loss on their individual income tax returns. Taxed like a partnership or S-Corp. If not structured properly LLC can be taxed as C-Corp.
Liability	The owners personal assets are at risk.	Each partner's personal assets are at risk.	General partners' personal assets are at risk. Limited partner is liable only to the extent of his or her investment.	Limited to corporate assets, except: 1. Personally guaranteed business debts. 2. Personal negligence or fault. 3. Corporate form is found to be a sham.	Same as C-Corp.	Similar to rules for Corporations.
Dissolution	Easiest to dissolve. Pay debts, taxes, and claims against the business.	Pay debts, taxes, and claims against business, settle partnership accounts.	Same as General Partnership plus: File cancellation of Certificate with the Secretary of State.	Shareholders must vote to approve dissolution. File intent with Sec/State. Pay all debts, taxes and distribute corporate assets to shareholders.	Same as C-Corp.	Pay debt, taxes and claims against LLC. Distribute remaining assets to members. File articles of dissolution with the Sec/State.