



## SUMMARY OF BUSINESS STRUCTURES

Characteristics	Sole Proprietorship	General Partnership	Limited Partnership	LLC	S Corporation	C Corporation
Ownership Rules	One owner	Unlimited number of general partners allowed	Unlimited number of general and limited partners allowed	Unlimited number of "members" allowed	Up to 75 shareholders allowed; only one basic class of stock allowed	Unlimited number of shareholders allowed; no limit on stock classes
Personal Liability of Owner	<b>Unlimited personal liability</b> for the obligations of the business	<b>Unlimited personal liability</b> of the general partners for the obligations of the business	<b>Unlimited personal liability</b> of the general partners for the obligations of the business; limited partners generally have no personal liability	Generally no personal liability of the members for obligations of the business	Generally no personal liability of the shareholders for the obligations of the corporation	Generally no personal liability of the shareholders for the obligations of the corporation
Tax Treatment	Entity not taxed, as the profits and losses are passed through to the sole proprietor	Entity not taxed as the profits and losses are passed through to the general partners	Entity not taxed, as the profits and losses are passed through to the general and limited partners	Entity not taxed (unless chosen to be taxed), as the profits and losses are passed through to the members	Entity generally not taxed as the profits and losses are passed through to the shareholders ("pass-through" taxation)	Corporation taxed on its earnings at the corporate level and the shareholders have a further tax on any dividends distributed (subject to some exclusions) ("double taxation")

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Key Documents Needed for Formation	DBA filing	<ul style="list-style-type: none"> <li>• General Partnership Agreement</li> <li>• Local filings if partnership holds real estate</li> </ul>	<ul style="list-style-type: none"> <li>• Limited Partnership Certificate</li> <li>• Limited Partnership Agreement</li> </ul>	<ul style="list-style-type: none"> <li>• Articles of Organization</li> <li>• Operating Agreement</li> </ul>	<ul style="list-style-type: none"> <li>• Articles of Incorporation</li> <li>• Bylaws</li> <li>• Organizational Board Resolutions</li> <li>• Articles of Incorporation</li> <li>• Stock Certificates</li> <li>• Stock Ledger</li> <li>• IRS &amp; State S Corporation election</li> </ul>	<ul style="list-style-type: none"> <li>• Articles of Incorporation</li> <li>• Bylaws</li> <li>• Organizational Board Resolutions</li> <li>• Articles of Incorporation</li> <li>• Stock Certificates</li> <li>• Stock Ledger</li> </ul>
Management of the Business	Sole proprietor manages the business	The general partners have equal management rights, unless they agree otherwise	The general partner manages the business, subject to any limitations of the Limited Partnership Agreement	The Operating Agreement sets forth how the business is to be managed - a Manager can be designated to manage the business	Board of Directors has overall management responsibility and officers have day-to-day responsibility	Board of Directors has overall management responsibility and officers have day-to-day responsibility
Capital Contributions	Sole proprietor contributes whatever capital needed	The general partners typically contribute money or services to the partnership, and receive an interest in profits and losses	The general and limited partners typically contribute money or services to the limited partnership, and receive an interest in profits and losses	The members typically contribute money or services to the LLC, and receive an interest in profits and losses.	Shareholders typically purchase stock in the corporation, but only one class of stock is allowed	Shareholders typically purchase stock in the corporation, either common or preferred