

Comparison Chart of the Different Forms of Business Entities

	Ownership Rules	Personal Liability of the Owners	Tax Treatment	Key Documents Needed For Formation	Management of the Business	Capital Contributions
C Corporations	Unlimited number of shareholders allowed; no limit on stock classes	Generally no personal liability of the shareholders for the obligations of the corporation	Corporation taxed on its earnings at the corporate level and the shareholders have a further tax on any dividends distributed ("double taxation")	Articles of Incorporation Bylaws Organizational Board Resolutions Stock Certificates Stock Ledger	Board of Directors has overall management responsibility and officers have day-to-day responsibility	Shareholders typically purchase stock in the corporation, either common or preferred
S Corporations	Up to 75 shareholders allowed; only one basic class of stock allowed	Generally no personal liability of the shareholders for the obligations of the corporation	Entity generally not taxed as the profits and losses are passed through to the shareholders ("pass-through" taxation)	Articles of Incorporation Bylaws Organizational Board Resolutions Stock Certificates Stock Ledger IRS & State S Corporation election	Board of Directors has overall management responsibility and officers have day-to-day responsibility	Shareholders typically purchase stock in the corporation, but only one class of stock is allowed
Sole Proprietorship	One owner	Unlimited personal liability for the obligations of the business	Entity not taxed, as the profits and losses are passed through to the sole proprietor	DBA filing	Sole proprietor manages the business	Sole proprietor contributes whatever capital needed
General Partnership	Unlimited number of general partners allowed	Unlimited personal liability of the general partners for the obligations of the business	Entity not taxed as the profits and losses are passed through to the general partners	General Partnership Agreement Local filings if partnership holds real estate	The general partners have equal management rights, unless they agree otherwise	The general partners typically contribute money or services to the partnership, and receive an interest in profits and losses
Limited Partnership	Unlimited number of general and limited partners allowed	Unlimited personal liability of the general partners for the obligations of the business; limited partners generally have no personal liability	Entity not taxed, as the profits and losses are passed through to the general and limited partners	Limited Partnership Certificate Limited Partnership Agreement	The general partner manages the business, subject to any limitations of the Limited Partnership Agreement	The general and limited partners typically contribute money or services to the limited partnership, and receive an interest in profits and losses
LLC Limited Liability Company	Unlimited number of "members" allowed	Generally no personal liability of the members for obligations of the business	Entity not taxed (unless chosen to be taxed), as the profits and losses are passed through to the members	Articles of Organization Operating Agreement	The Operating Agreement sets forth how the business is to be managed A Manager can be designated to manage the business	The members typically contribute money or services to the LLC, and receive an interest in profits and losses