

Business Entity Legal Structure Comparison

	Sole Proprietorship	General Partnership	Limited Partnership	C Corporation	S Corporation	Limited Liability Company
Formation Requirements and Costs	None, unless you file an Assumed Name Certificate	None, unless you file an Assumed Name Certificate	State filing and publication requirement; filing fee	State filing; filing fee	Same as a C Corporation, plus additional federal filing	State filing; filing fee
Management	By the sole proprietor	Each general partner has full authority to manage and control the partnership	Only general partners have authority to manage the entity. Limited partners cannot have a management role	Management overseen by board of directors, which is elected by shareholders (directors may be shareholders)	Same as a C Corporation	Members choose preferred management structure; may be member managed or manager managed
Operational Formalities	Very Few	Very Few	Few	Must observe corporate formalities	Same as a C Corporation	Few
Life Span	Dissolved upon sole proprietor's death or retirement	Dissolved by death or bankruptcy of any partner or other statutory events	May continue indefinitely, but will be dissolved upon agreed, or withdrawal of the general partner(s) without a replacment	Perpetual existence	Same as a C Corporation	Perpetual existence unless otherwise specified by the members
Personal Liability	Sole proprietors have unlimited personal liability	All general partners have joint and personal liability	Limited liability only for limited partners. The general partners have joint and personal liability	All shareholders have limited liability	Same as a C Corporation	All members have limited liability
Tax Structure	Sole proprietor pays taxes at individual level	Partners pay taxes at individual level	Partners pay taxes at individual level	Corporation pays taxes on income; dividends to shareholders	Shareholders pay taxes on all income at the individual level	Members pay taxes at the individual level (could choose to

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				are also taxed at the individual level		adopt corporation tax structure instead)
Double Taxation	No	No	No	Yes	No	No
Pass-Through Tax Treatment	Yes	Yes	Yes	No	Yes	Yes
Restrictions on Owners	None	None	None	None	Must be individuals (certain trusts and estates allowed) who are not nonresident aliens	None
Number of Owners	1, the sole proprietor	At least two, no maximum	At least two, no maximum	No restriction	Maximum of 100 shareholders	No restriction