

Characteristics	<b>Sole Proprietorship</b>	<b>General Partnership</b>	<b>C Corporation</b>	<b>S Corporation</b>	<b>Limited Liability Company</b>
<b>Formation</b>	No state filing required	Agreement between two or more parties. No state filing required	State filing required	State filing required	State filing required
<b>Duration of Existence</b>	Dissolved if sole proprietor ceases doing business or dies	Dissolves upon death or withdrawal of a partner unless safeguards are specified in a partnership agreement	Perpetual	Perpetual	Dependent on the requirements imposed by the state of formation
<b>Liability</b>	Sole proprietor has unlimited liability	Partners have unlimited liability	Shareholders are typically not personally liable for the debts of the corporation	Shareholders are typically not personally liable for the debts of the corporation	Members are not typically liable for the debts of the LLC
<b>Operational Requirements</b>	Relatively few legal requirements	Relatively few legal requirements	Board of directors, officers, annual meetings, and annual reporting required	Board of directors, officers, annual meetings, and annual reporting required	Some formal requirements but less formal than corporations
<b>Management</b>	Sole proprietor has full control of management and operations	Typically each partner has an equal voice, unless otherwise arranged	Managed by the directors, who are elected by the shareholders	Managed by the directors, who are elected by the shareholders	Members have an operating agreement that outlines management
<b>Taxation</b>	Not a taxable entity. Sole proprietor pays all taxes	Not a taxable entity. Each partner pays tax on his/her share of income and can deduct losses against other sources of income	Taxed at the entity level. If dividends are distributed to shareholders, dividends are also taxed at the individual level	No tax at the entity level. Income/loss is passed through to the shareholders	If properly structured there is no tax at the entity level. Income/loss is passed through to members
<b>Pass Through Income/Loss</b>	Yes	Yes	No	Yes	Yes
<b>Double Taxation</b>	Yes	Yes	Yes, if income is distributed to shareholders in the form of dividends	Yes	Yes
<b>Cost of Creation</b>	None	None	State Filing Fee Required	State Filing Fee Required	State Filing Fee Required
<b>Raising Capital</b>	Often difficult unless individual contributes funds	Contributions can be made from partners, and more partners can be added	Shares of stock are sold to raise capital	Shares of stock are sold to raise capital	Possible to sell interests, though subject to operating agreement restrictions
<b>Transferability of Interest</b>	No	No	Shares of stock are easily transferred	Yes, but must observe IRS regulations on who can own stock	Possibly, depending on restrictions outlined in the operating agreement