

Comparison of Legal Forms

	SOLE PROPRIETORSHIP	PARTNERSHIP	LIMITED LIABILITY COMPANY	C-CORPORATION	SUB-CHAPTER 'S' CORP
Number of Owners	One	No limit on # of 'partners'; Specified in partnership agreement	No limit on # of 'members'; Most states require a minimum of two members	No limit on # of shareholders	100 shareholders or fewer (only individuals can be shareholders, not organizations)
Start-Up Costs	Filing fees for DBA and business license	Filing fees for DBA; Attorney fees for partnership agreement	Attorney fees for organization, documents; filing fees	Attorney fees for incorporation documentation; filing fees	Attorney fees for incorporation, filing fees
Liability	Owner liable for all claims against business, but with insurance can overcome liability	General partners liable for all claims; limited partners liable only to amount of investment	Members liability is limited, with some caveats	Shareholders liable to amount invested; officers may be personally liable	Shareholders liable to amount invested
Taxation	Pass-through; taxed at individual level	Pass-through; taxed at individual level	Pass-through; taxed at individual level*	Tax paying entity; taxed on corporate income	No income tax--- Income is passed-through; taxed at individual level
Continuity of Life Of Business	Dissolution on the death of the owner	Dissolution on the death or separation of a partner, unless otherwise specified in the agreement; not so in the case of limited partners	Most states allow perpetual existence. Unless otherwise stated in the Articles of Organization, existence terminates on death or withdrawal of any member.	Continuity of life	Perpetual existence
Transferability Of Interest	Owner free to sell; assets transferred to estate upon death with valid will	General partner requires consent of other generals to sell interest; limited partners' ability to transfer is subject to agreement	Permission of majority of members is required for any member to transfer interest	Shareholders free to sell unless restricted by agreement	Transferable (but may affect 'S' status); S-corps only have one class of stock (either preferred or common)
Distribution Of Profits	Profits go to owner	Profits shared based on partnership agreement	Profits shared based on member agreement	Paid to shareholders as dividends according to agreement and shareholder status	Paid to shareholders in proportion to their percentage ownership of company; losses can also be passed through
Management Control	Owner has full control	Absent agreement to the contrary, partners have equal voting rights	Rests with management committee	Rests with the board of directors elected by the shareholders	Rests with the board of directors elected by the shareholders

**can be treated as partnership, C corp., or S-corp for tax purposes based on management preferences when registering for tax ID number.*