

Comparison of U.S. Business Structures*

	PROPRIETOR -SHIP	PARTNERSHIPS			LIMITED LIABILITY COMPANY	CORPORATIONS				
		General	Limited	Profess'l Limited Liability (PLLP)	Profess'l Limited Liability (PLLC - not available in every state) Profess'l Corp (PC)	LLC	C Corp	S Corp	Benefit Corp (not available in every state)	Non-Profit <input type="checkbox"/> Public Benefit Corporation (charities) <input type="checkbox"/> Mutual Benefit Corporation (member groups)
# of Owners	Only one	More than one			1 or more. S Corp is limited to 100 shareholders, 1 class of stock, US citizen					Zero – it belongs to the public at large
Personal Liability Protection	No - Owner is fully liable for debts and obligations of business	No - Partners are jointly & severally liable	Some liability can be limited between partners, not 3 rd parties	Yes, Limits personal liability from 3 rd parties subject to professional restrictions (i.e. mal- practice, etc.)	Limits personal liability from 3 rd parties (some exceptions may apply)					
Decision Making Authority	100% vested in owner	Equal among partners unless agreed to otherwise	Varies as determined by contract		In small businesses the owner manager has decision making authority. If there are multiple owners or structure allows for multiple classes of stock authority is determined by company or corporate governance documents (by-laws, operating agreements, etc.) C Corp requires a Board of Directors					Board of Directors and corporate governance documents
Financing Options	Solely dependent on personal credit worthiness	Raise money from partners and other financing sources			Raise money from investors and other financing sources			Grants, donations & fund raising activities		



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How to Pick the Best Business Structure to Achieve Your Startup Dream).

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Formalities and Maintenance	Relatively few record-keeping requirements	More complexity when compared to a proprietorship	More complexity when compared to general partnership	Complex formation but less maintenance requirements than C Corp	Most complex	Complex formation but less maintenance requirements than C Corp	Complex formation and unique benefit characteristics add additional requirements		
Tax Considerations	100% of income flows directly to owner and is report through personal tax return	Profits and losses are passed through to each partner in proportion with their partnership share and reported on their personal tax returns	Same tax treatment as multi-member LLC	PLLCs typically taxed like LLCs PCs typically taxed like C Corps	LLC is treated as a "pass-through" entity but can elect to be taxed as a C Corp or an S Corp (if qualifies)	Business files own tax return and is taxed at entity level while shareholders have dividends taxed at personal level (double taxation)	No separate corporate tax but must meet S Corp qualifications	No special tax advantage. Taxed as a corporation	Exempt from paying sales and property taxes and federal income taxes.
Ability to Build Equity	No equity because no stocks or securities issued	No equity because no stocks or securities issued.	Yes – owners are share-holders				No equity		
Ease of Formation	Very easy – no formal requirements	Created by contract – verbal or written	State determines registration and formation requirements				Must meet tax code requirements to qualify for non-profit status		
Other License Requirements	Subject to state and local requirements where you do business		Subject to state and local requirements where you do business. Professional licensing requirements.	Subject to state and local requirements where you do business					



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