

## ENTITY COMPARISON CHART

QUESTION	SOLE PROPRIETORSHIP	(GENERAL) PARTNERSHIP	LIMITED PARTNERSHIP	LIMITED LIABILITY COMPANY	CORPORATION	S CORP
YOU ARE FORMED WHEN...	You do business all by yourself without any filing	You and another person do business together without any filing	You file a Certificate of Limited Partnership with a state's Secretary of State	You file Articles of Organization with a state Secretary of State's office	You file Articles of Incorporation with a State Secretary of State's office	You file Articles of Incorporation with a State Secretary of State's office AND file Form 2553 with the IRS
OWNERS INCLUDE...	One owner	Two or more Partners	The General Partner and the Limited Partners	One or more Members	One or more shareholders (percentage of ownership in proportion to shareholder's investment)	No more than 100 shareholders (percentage of ownership in proportion to shareholder's investment)
LIMITED LIABILITY?	No	No	Yes for Limited Partners; No for General Partner	Yes	Yes	
CONTROL	Sole Proprietor	Each partner has equal authority, unless partnership agreement states otherwise	General Partner	Can be member-managed or manager-managed  Each member has equal authority, unless the Operating Agreement states otherwise	Shareholders elect directors who manage the company's affairs; officers manage day-to-day business activities	
OPERATIONAL EASE?	Easiest; no state requirements	Easy; little if any state requirements	Can be complicated	Easy by default; complicated by contract	<ul style="list-style-type: none"> <li>✓ Formal recordkeeping requirements</li> <li>✓ Annual meetings required</li> <li>✓ Annual reports required</li> </ul>	
TAXATION?	<ul style="list-style-type: none"> <li>✓ Pass through taxation</li> <li>✓ Subject to self-employment tax</li> </ul>	<ul style="list-style-type: none"> <li>✓ Pass through taxation</li> <li>✓ Subject to self-employment tax</li> </ul>	Pass through taxation (limited partners are typically exempt from self-employment tax)	<ul style="list-style-type: none"> <li>✓ Pass through taxation</li> <li>✓ Subject to self-employment tax</li> </ul>	<ul style="list-style-type: none"> <li>✓ Separately taxed at corporate income tax rates</li> <li>✓ "Double taxation": Profits are taxed at corporate level, then taxed again when paid as dividends to shareholders</li> </ul>	<ul style="list-style-type: none"> <li>✓ Pass-through taxation</li> <li>✓ Only salary is subject to employment tax (shareholder distributions are not subject to employment tax)</li> </ul>