

## Business Entity Comparison Chart

	Sole Proprietorship	Limited Liability Company	General Corporation	S-Corporation	Close Corporation
<b>Formation</b>	No State filing required	State filing required	State filing required	State filing required. Within 60-75 days of formation, IRS filing of Subchapter S election is required	State filing required
<b>Liability</b>	Unlimited Personal Liability. Typically liable for the debts of the Sole Proprietorship	Typically, Members are not personally liable for the debts of the LLC	Typically, Shareholders are not personally liable for debts of the Corporation	Typically, Shareholders are not personally liable for debts of the Corporation	Typically, Shareholders are not personally liable for debts of the Corporation
<b>Raising Capital</b>	Contributions often limited to individual's funds	Potential to sell interests, contingent upon operating agreement restrictions	Shares of stock are usually sold to raise capital	Shares of stock are usually sold to raise capital	Shares of stock are usually sold to raise capital
<b>Taxation</b>	Not a separate taxable entity. Owners pay all of the taxes	Not taxed at entity level if properly structured. Profit/loss is passed through directly to the members	Taxed at the entity level and shareholders receiving dividends are taxed at the individual level	Not taxed at the entity level. Shareholders are taxed at the individual level for profit/loss	Taxed at the entity level and shareholders receiving dividends are taxed at the individual level
<b>Formalities</b>	Minimal legal requirements	Less formal meetings and minutes are required than for corporations. State reporting required	Board of directors, formal meetings, minutes and annual State reports are required	Board of directors, formal meetings, minutes and annual State reports are required	Less formal meetings and minutes are required than General Corporations. State reporting required
<b>Management</b>	Sole proprietor has full control and responsibility of management, operations, and day-to-day activities	Members have an operating agreement that outlines management responsibilities	Shareholders elect board of directors to appoint officers for day-to-day management	Shareholders elect board of directors to appoint officers for day-to-day management	Shareholders manage day-to-day operations
<b>Existence</b>	Typically ceases doing business upon the death of the sole proprietor	Perpetual unless otherwise specified	Perpetual unless otherwise specified	Perpetual unless otherwise specified	Perpetual unless otherwise specified
<b>Transferability</b>	Ownership non-transferable	Contingent upon operating agreement restrictions	Shares of stock are transferred with ease	Shares of stock are easily transferred with ease after observing all IRS regulations on ownership requirements	Restrictions on transferring shares of stock