

## Legal Structure Comparison Chart

Characteristics	Sole Proprietor	General Partnership	LLC	S Corp	C Corp
<b>Formation</b>	No agreement required	Agreement of parties involved. No permission required	File with state for permission		
<b>Duration</b>	Dissolved by death or bankruptcy		Typically limited to a fixed amount of time	Perpetual	
<b>Liability</b>	Sole proprietor has unlimited liability	Partners have unlimited liability	Members not typically liable for the debts of the LLC	Shareholders not personally liable for the debts	
<b>Simplicity of Operation</b>	Relatively few legal requirements		Some formal requirements but less formal than corporations	Formality of board of directors, officers, annual meetings and annual reporting	
<b>Management</b>	Sole proprietor decides everything	Typically each partner has an equal voice unless otherwise arranged	Members have operating agreement that outlines management	The corporation is managed by the board of directors who are elected by the shareholders	
<b>Taxation</b>	Sole proprietor pays taxes on his/her own tax return	Each partner pays tax on his/her share of the income and can deduct losses against other sources of income	If properly structured there is no tax at the entity level. Income/loss is passed through to members of the LLC	No tax at entity level. Income / loss is passed through to the shareholders	Corporation is a taxable entity.
<b>Pass Thru Income/Loss</b>	Yes	Yes	Yes	Yes	No, corporate losses can't be deducted by shareholder
<b>Double Taxation</b>	No	No	No	No	Yes
<b>Cost of Creation</b>	None	None	Filing fee with the state		
<b>Raising Capital</b>	No	Contributions from partners or an addition of more partners	Possible to sell interests. Subject to operating agreement restrictions	Sell shares of stock to raise capital	
<b>Transfer of Interest</b>	No	No	Possibly	Yes, subject to consent	Shares of stock in a corporation are easily transferable