

Business Entities

	Sole Proprietor	General Partnership	Limited Partnership	C Corporation	S Corporation	Limited Liability Company	Limited Liability Partnership
Attributes							
Formation	No formalities: Can be formed very easily	No formalities: Can be formed by verbal or written agreement, or mere conduct	Formalities: File Certificate of Limited Partnership with State	Formalities: File Articles of Incorporation or Corporate Charter with State	Formalities: Same as regular corporation plus File "S" Election	Formalities: File Articles of Organization with State	Formalities: File Articles of LLP with State
Liability of Owners	Unlimited personal liability for the owner	Unlimited personal liability for all partners obligations	General Partner: Unlimited Personal Liability Limited Partner: Only investment is at risk	Shareholders generally are not personally liable beyond their investment	Shareholders generally are not personally liable beyond their investment	Members generally are not personally liable beyond their investment	Partners generally are not personally liable beyond their investment
Management	Only one person may be owner	Owners manage directly or can appoint managing partner	General Partner: Exclusive Manager Limited Partner: Cannot Manage	Managed by Board of Directors, who appoint officers to run day-to-day operations	Managed by Board of Directors, who appoint officers to run day-to-day operations	Members manage directly or can agree to appoint a manager	Partners manage directly or can agree to appoint a managing partner
Transferability	Owner can transfer ownership by selling the business	Partners cannot transfer ownership interest without unanimous consent	Partners (whether general or limited) cannot transfer ownership interest without unanimous consent	Shareholders are free to transfer ownership interest unless they agree otherwise	Shareholders generally may transfer ownership unless they agree otherwise; but can't transfer to foreign or entity shareholders	Absent agreement otherwise, members cannot transfer ownership interest without unanimous consent	Partners cannot transfer ownership interest without unanimous consent
Taxation	"Flow through" taxation	"Flow through" taxation	"Flow through" taxation (but limited partners have passive loss restrictions)	Income taxed at corporate level and taxed again to shareholders when dividends are distributed	"Flow through" taxation (but shareholders not managing have passive loss restrictions)	"Flow through" taxation (but members not managing have passive loss restrictions)	"Flow through" taxation (but partners not managing have passive loss restrictions)