

CHOOSING A BUSINESS STRUCTURE

Operating your business as a properly structured corporation or Limited Liability Company (LLC) sets boundaries between your personal assets and business liabilities. In addition to protecting your personal property as a business owner, incorporating offers several legal, tax, and business advantages. Compare the entities below to decide which structure is right for you.

	LLC	C Corp	S Corp	General Partnership	Sole Proprietor
Owners have limited liability for business debts and obligations	✓	✓	✓		
Created by a state-level registration that usually protects the company name	✓	✓	✓		
Business duration can be perpetual	✓	✓	✓		
May have an unlimited number of owners	✓	✓		✓	
Owners need not be U.S. citizens or residents	✓	✓		✓	✓
May be owned by another business, rather than individuals	✓	✓			
May issue shares of stock to attract investors		✓	✓		
Owners can report business profit and loss on their personal tax returns	✓		✓	✓	✓
Owners can split profit and loss with the business for a lower overall tax rate		✓			
Permitted to distribute special allocations under certain guidelines	✓			✓	
Not required to hold annual meetings or record meeting minutes	✓			✓	✓