

<b>Business Type</b>	<b>Liability</b>	<b>Management &amp; Control</b>	<b>Ease of Set Up</b>	<b>Taxation</b>
<b>Sole Proprietorship</b>	<ul style="list-style-type: none"> <li>No protection for personal assets</li> <li>No succession (if you die or are disabled, the business is terminated)</li> </ul>	<ul style="list-style-type: none"> <li>One owner, no formal input from others or professional management</li> <li>Possibly less government regulation</li> </ul>	<ul style="list-style-type: none"> <li>Obtain necessary business licenses and you are open for business</li> </ul>	<ul style="list-style-type: none"> <li>You pay self-employment FICA on what you earn to the maximum</li> <li>Offers few tax benefits</li> </ul>
<b>General Partnership</b>	<ul style="list-style-type: none"> <li>No protection for personal assets (each partner is liable for the liabilities of the company and every partner's acts)</li> <li>Often formed without a written agreement</li> </ul>	<ul style="list-style-type: none"> <li>Two or more persons in a common enterprise organized for profits</li> <li>Share of profits and losses (partners receive only profits, not salary, absent of an agreement)</li> </ul>	<ul style="list-style-type: none"> <li>Easy to form</li> <li>Agree with someone to join in a common enterprise for profit</li> <li>Obtain necessary business licenses and you are open for business</li> </ul>	<ul style="list-style-type: none"> <li>No double taxes</li> <li>Minimal opportunity to save taxes on business income</li> <li>The partnership files an informational tax return and the partners report their share of the income reported (not necessarily the income received)</li> </ul>
<b>Limited Partnership</b>	<ul style="list-style-type: none"> <li>Same as General Partnership</li> <li>Limited legal liabilities</li> </ul>	<ul style="list-style-type: none"> <li>Same as General Partnership</li> <li>Limited partners have no management control</li> </ul>	<ul style="list-style-type: none"> <li>Easy to form</li> <li>Same as General Partnership</li> <li>Several forms are required to be filed in DC</li> </ul>	<ul style="list-style-type: none"> <li>Same as General Partnership with some special tax limitations on no risk debt</li> </ul>
<b>S Corporation</b>	<ul style="list-style-type: none"> <li>Shareholders have no personal liability solely by being a shareholder</li> <li>Free transferability of stock or assets upon retirement or death</li> </ul>	<ul style="list-style-type: none"> <li>Run by shareholders and directors (may have single shareholder and director corporations)</li> </ul>	<ul style="list-style-type: none"> <li>Articles of Incorporation must be filed</li> <li>Required to issue stock and elect directors and officers</li> </ul>	<ul style="list-style-type: none"> <li>Can shelter or defer some income</li> <li>Can shelter dividends from FICA</li> <li>Some small businesses can elect to be taxed as a partnership or corporation</li> </ul>
<b>C Corporation</b>	<ul style="list-style-type: none"> <li>Same as S Corporation</li> </ul>	<ul style="list-style-type: none"> <li>Same as S Corporation</li> </ul>	<ul style="list-style-type: none"> <li>Same as S Corporation</li> </ul>	<ul style="list-style-type: none"> <li>Different tax treatment – consult a tax expert or an attorney</li> </ul>
<b>Limited Liability Company (LLC)</b>	<ul style="list-style-type: none"> <li>Owners risk only their investment</li> <li>Difficult to add parties, sell, or transfer interests</li> </ul>	<ul style="list-style-type: none"> <li>May operate with the informality of a partnership but the owners have limited liability</li> <li>Members of a LLC are not personally liable for the debts</li> </ul>	<ul style="list-style-type: none"> <li>Articles of Incorporation must be filed</li> <li>Recommended to have an operating agreement</li> </ul>	<ul style="list-style-type: none"> <li>An important exception to LLCs is tax withholding by employers under the Trust Fund Recovery Penalty</li> </ul>
<b>Limited Liability Partnership (LLP)</b>	<ul style="list-style-type: none"> <li>Same as General Partnership</li> <li>No partner has personal liability solely by being a partner</li> </ul>	<ul style="list-style-type: none"> <li>Same as General Partnership</li> </ul>	<ul style="list-style-type: none"> <li>Easy to set up and maintain</li> <li>Several forms are required to be filed in DC</li> </ul>	<ul style="list-style-type: none"> <li>Same as General Partnership</li> <li>Special tax limitations on no risk debt</li> </ul>