

	C Corporation	S Corporation	Partnership	Limited Partnership	Limited Liability Company (LLC)	Sole Proprietorship
What it is	A legal entity regulated by the state that has an identity separate from that of its members	A corporation that is taxed like a partnership	A business whose gains and losses are passed to individual partners	A partnership with many of the liability protections of a corporation	A cross between a corporation and a partnership	A business that operates under the auspices of an individual
Ownership	Owned by shareholders who can be individuals or other legal entities	Owned by 75 or fewer shareholders	Owned by two or more partners	Owned by a general partner who controls the business and limited partners who have no active role	Owned by "members" similar to shareholders; may be managed by a member or by a manager	Owned by a person
Taxes	Files its own tax return	Profits and losses are passed through to shareholders	Taxes are passed through to the partners	Taxes are passed through to the partners	May be taxed as a pass-through entity or as a tax-paying association	Owner pays income tax and 15.3% self-employment tax
Protection	Shareholders are not personally responsible for liability except in the case of fraud	Same liability protection as a C corporation	Partners are liable for the company's action	Partners can avoid liability through a legal "charging order"	Same liability protection as a corporation	None
Advantages	<ul style="list-style-type: none"> • Asset protection • Privacy • Tax savings • Easier Transfer of ownership • Other fringe benefits 	Same as C corporation	Easy to set up	Asset protection <ul style="list-style-type: none"> • Privacy • Estate planning and real estate holding 	<ul style="list-style-type: none"> • Flexibility in management • Asset protection • Tax savings • Easy to set up 	Easy to set up
Disadvantages	<ul style="list-style-type: none"> • Must comply with governance, documentation, reporting, and other corporate regulations 	<ul style="list-style-type: none"> • Same as C corporation • Restrictions on number and type of shareholders; one stock class 	No liability protection; personal assets are at risk	General partner may be liable for certain types of lawsuits filed by limited partners or others	Laws that govern LLCs differ among states	Eno liability protection; the proprietor's personal assets are at risk