

**BUSINESS
STRUCTURE
BASICS**
from
CT Corporation

Review this helpful chart for a comparison of the most common types of business structures. Please note that this chart reflects the default rules found in most state business entity laws. In many cases the entity can opt out of the default rule in its governing document.

Characteristics	Sole Proprietorship	General Partnership	Limited Partnership	Limited Liability Partnership	C Corporation	S Corporation	Limited Liability Company
Formation	No state filing required.	No state filing required.	State filing required.	State filing required.	State filing required.	State filing required. IRS election required in order to be taxed under Subchapter S.	State filing required.
Registered Agent	Not required	Not required	Required	Required	Required	Required	Required
Duration of Existence	Limited	Limited	Limited	Limited	Perpetual	Perpetual	Perpetual
Liability of Owner for Business Debts	Unlimited	Unlimited	General partner - Unlimited Limited partner - Limited	Limited	Limited	Limited	Limited
Annual Report	Not required	Not required	Required	Required	Required	Required	Required
Management	Managed by sole proprietor	Managed by partners	Managed by general partner(s)	Managed by partners	Managed by board of directors	Managed by board of directors	Managed by members or managers
Pass-through Taxation Possible	Yes	Yes	Yes	Yes	No	Yes	Yes
Equity Financing	Can only have one owner by definition	Contributions can be made from partners, and more partners can be added.	Contributions can be made from partners, and more partners can be added.	Contributions can be made from partners, and more partners can be added.	Shares of stock can be sold to raise capital.	Shares of stock can be sold to raise capital (subject to IRS restrictions on stock ownership.)	Contributions can be made from members, and more members can be added.
Transferability of Interest	No	Restricted	Restricted	Restricted	Freely transferable	Freely transferable (subject to IRS restrictions on stock ownership.)	Restricted

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