

Comparison Factors	Sole Proprietorship (SP)	General Partnership (GP)	Limited Liability Company (LLC)	S Corporation (S Corp)	C Corporation - General Stock (C Corp)
Business formation	City tax license may be required. No state filing required.	No state filing required. Some states allow GPs to file at state agency. An Agreement between two or more parties. Partnership agreement should be created.	Required to file formation document with the State filing agency. Most states require an Operating Agreement.	Required to file formation document with the state filing agency. Most states require annual meetings and bylaws. Must elect S status through the IRS, additional filing required.	Required to file formation document with the state filing agency. Most states require annual meetings and bylaws.
Size	One person ownership.	Two or more person ownership.	Most states allow single member LLC's but some require 2 or more members	Up to 75 members/ shareholders.	Unlimited
Length of Existence	Sole proprietorship either ceases doing business or dies	Depends upon partnership agreement. Typically death or withdrawal of a partner dissolves the GP.	Some states allow LLC's to have a perpetual existence. Others depend upon the state's requirements.	Perpetual	Perpetual
Liability	SP has unlimited liability and can lose personal assets.	General Partners are equally liable unless the partnership agreement states otherwise.	Members are not liable for debts accrued by the company unless a member secured the debt with a personal asset.	Shareholders are typically not liable for the debts of the corporation. Some officers can be held liable if there is fraud or severe mismanagement.	Shareholders are typically not liable for the debts of the corporation. Some officers can be held liable if there is fraud or severe mismanagement.
Operational Procedures	Easiest with few legal requirements	Typically, GPs have few legal requirements.	Most states have some formal requirements like annual reports but are typically less than a corporation.	Annual meetings, filings, and reporting required. Board of Directors and Officers must be maintained.	Annual meetings, filings, and reporting required. Board of Directors and Officers must be maintained.
Start up costs listed apply to California business entities only.	Cost of business tax license	Cost of business tax license. In California, a GP can be filed in the county of business and/or at the State level; \$70 state filing fee applies.	State filing fee is required. \$70 + \$800 annual minimum tax every year. Local city and county registration fees may apply.	State filing fee is required. \$100 + \$800 annual minimum tax starting the second year. Local city and county registration fees may apply.	State filing fee is required. \$100 + \$800 annual minimum tax starting the second year. Local city and county registration fees may apply.
Management	SP is in complete control of managing operations	Unless the partnership agreement states otherwise, each partner has equal management authority.	Management is outlined in the LLCs Operating Agreement.	Officers manage day to day corporate activities. Directors manage the officers and the overall company. Directors are elected and therefore managed by the shareholders.	Officers manage day to day corporate activities. Directors manage the officers and the overall company. Directors are elected and therefore managed by the shareholders.
Taxation	Taxed Once	Taxed Once	Taxed Once	Taxed Once	Double; both the corporation and shareholders are taxed.
Pass through taxation for both income and loss	Yes	Yes	Yes	Yes	No
Interest Transferability	No. Unless business is sold to another party.	No.	Depends upon the operating agreement.	Yes. Some IRS regulations on stock ownership.	Shares of stock are easily transferred
Raising Capital	Hard to get outside capital. Owner typically contributes all funds.	Partners contribute capital and more capital can be raised by adding new partners	Some operating agreements allow interests to be sold.	S Corps can sell stock to raise capital.	C Corps can sell stock to raise capital.
Dissolution	Easiest	Easy	Complex. Requires filing dissolution document with state filing agency. Some states require a tax clearance prior to dissolution.	Most Complex. Requires filing dissolution document with state filing agency. Some states require a tax clearance prior to dissolution.	Most Complex. Requires filing dissolution document with state filing agency. Some states require a tax clearance prior to dissolution.