

Sole Proprietorship vs. C Corporation vs. S Corporation				
	Sole Proprietorship	C Corp	S Corp	Limited Liability (LLC)
Formation Requirements, Costs	Country Registration Assumed Name Notice	File articles of incorporation, state specific, filing fee required	Sames as C-Corp, plus S-corp Status request to IRS	File articles of organization, state specific, filing fee required
Personal Liability	Unlimited liability	Shareholders are not	Shareholders are not	Members are not typically held liable
Administrative Requirements	Relatively few requirements	Election of board of directors/officers, annual meetings, and annual report filing	Election of board of directors/officers, annual meetings, and annual report filing	Relatively few requirements
Management	Full control	Shareholders elect directors who manage business activities	Shareholders elect directors who manage business activities	Members can set up structure as they choose
Term	Terminated when proprietor ceases doing business or upon death	Perpetual: can extend past death or withdrawal of shareholders	Perpetual: can extend past death or withdrawal of shareholders	Perpetual, unless state requires fixed amount of time
Taxation	Entity not taxable Sole proprietor pays taxes	Taxed at corporate rate and possible double taxation: Dividends are taxed at the individual level, if distributed	No tax at the entity level. Income passed through to the shareholders	No tax at the entity level. Income passed through to members
Double Taxation	No	Yes, taxes at corporate level and then again if distributed to shareholders in the form of dividends	No	No
Self Employment tax	Subject to self employment tax	Salary subject to self employment tax	Salary subject to self employment tax, but shareholder distributions are not subject to employment tax	Salary subject to self employment tax
Pass Through Tax Treatment	Yes	No	Yes	Yes
Tax Forms	1040	IRS Form 1120	IRS Form 1120S Shareholders get K-1 for personal tax	1 member: sole proprietor IRS Form 1040 - Schedule C Partnership: IRS Form 1065, Members
Transferability of Interest	No	Shares of stock are easily transferred	Yes, but must observe IRS regulations on who can own stock	Possibly, depending on restrictions outlined in the operating agreement
Capital Raising	Individual provides capital	Shares of stock are sold to raise capital (Securities laws apply)	Shares of stock are sold to raise capital. Limitations prevent S corp stock ownership	May sell interests, but subject to operating agreement (securities laws may also apply)
Ease operation	Easiest	Must have annual meetings, Board of Directors meetings, corporate minutes, and stockholder meetings	Must have annual meetings, Board of Directors meetings, corporate minutes, and stockholder meetings	Easy, some stated may require more than others