

# What business structure is right for you?



**CONTROL**



**RISK**



**CAPITAL**

## SOLE PROPRIETORSHIP

Owner has full control

Personally liable for all debts/obligations

Company not taxable  
Owner subject to self employment tax  
Owner provides capital

## PARTNERSHIPS

Limited partnerships can only have 1 general partner, general partners have greater control

Separate and independent from its owners  
General partners have unlimited liability  
Limited partners' liability is limited to what they agree to contribute

Profits are taxed as income based on ownership percentage or other criteria in the partnership agreement  
General partners have no limits on profit dividends  
Partners pay self-employment taxes

## LIMITED LIABILITY COMPANY

Members set up LLC agreement

Members are not typically held liable for debts/obligations

Income passes through to members  
Members may sell interests, but subject to agreement and securities laws may apply

## CORPORATIONS

Based off percentage of shares

Shareholders elect directors who manage business

Shareholders are not typically held liable for debts/obligations

C corps are taxed at corporate rate and then again if distributed to shareholders in dividends

S corps allow profits and some losses to be passed to shareholders' personal income, avoiding corporate tax rate; but not shareholder distributions.

Shares of stock are sold to raise capital, securities laws apply