MyCorporation®
entrepreneurs welcome

ENTITY TYPE	LIABILITY	TAXATION	FORMATION	MAINTENANCE
Sole Proprietorship	Owner personally liable for business debts. Same advantages as a regular limited liability company.	Owner reports profit or loss on his or her personal tax return.	Simple and inexpensive to create and operate. No filing necessary.	No formal corporate maintenance is required.
General Partnership	Owner (partners) personally liable for business debts	Owner (partners) reports profit or loss on his or her personal tax returns.	Simple and inexpensive to create and operate. No filing necessary.	General partners can raise cash without involving outside investors in management of business.
Limited Partnership	Limited partners have limited personal liability for business debts as long as they don't participate in management.	The limited partnership provides the limited partners a return on their investment (similar to a dividend), the nature and extent of which is usually defined in the partnership agreement.	Suitable mainly for companies that invest in real estate. More expensive to create than general partnership.	Limited partners have no management authority, and (unless they obligate themselves by a separate contract such as a guaranty) are not liable for the debts of the partnership.
Limited Liability Company	Combines a corporation's liability protection and pass-through tax structure of a partnership.	IRS rules now allow LLCs to choose between being taxed as partnership or corporation.	More expensive to create than partnership or sole proprietorship	Sale of member interests may take place per company policy.Significantly easier to maintain than a corporation.
Professional Limited Liability Company	Members have no personal liability for malpractice of other members; however, they are liable for their own acts of malpractice.	A single member PLLC is treated as a disregarded tax entity, the same as a sole proprietor, giving it pass-through tax treatment. A multiple member PLLC taxed as a partnership.	State licensed professionals a way to enjoy LLC advantages. Members must all belong to the same profession. Not available in all states.	Members have great flexibility through written operating agreement to define rights & responsibilities, powers, financial matters of PLLC, and rights / restrictions re: ownership interests.
C-Corporation	Owners have limited personal liability for business debts.	Owners can split corporate profit among owners and corporation, paying lower overall tax rate. Separate taxable entity. Fringe benefits can be deducted as business expense.	May have an unlimited number of shareholders. More expensive to create than partnership or sole proprietorship.	Shares of stock may be sold to raise capital. Meetings are required to maintain corporate status.
Professional Corporation	Owners have no personal liability for malpractice of other owners. Owners have liability for own acts of malpractice.	PCs are granted the taxation benefits of a corporation.	More expensive to create than partnership or sole proprietorship. All owners must belong to the same profession.	Formality requirements (e.g. annual reports, minutes, meetings) are required to maintain corporate status.
Non-Profit Corporation	A nonprofit corporation is a corporation formed to carry out a charitable, educational, religious, literary, or scientific purpose.	Full tax advantages available only to groups organized for charitable, scientific, educational, literary or religious purposes.	A nonprofit corporation doesn't pay federal or state income taxes on profits it makes from activities in which it engages to carry out its objectives.	Formality requirements (e.g. annual reports, minutes, meetings) required. Property transferred to corporation stays with corporation; if corporation ends, property must go to another nonprofit.
S-Corporation	Owners have limited personal liability for business debts.	Owners report their share of profit or loss on their personal tax returns. Income must be allocated to owners according to their ownership interests. Owners can use corporate loss to offset income from other sources. Fringe benefits limited for owners who own more than 2% of shares.	More expensive to create than partnership or sole proprietorship.	More formality requirements than for a limited liability company which offers similar advantages.