

# CHOOSING A BUSINESS ENTITY - QUICK COMPARISON CHART

	SOLE PROPRIETORSHIP (DBA, NO ENTITY)	PARTNERSHIP	LLC	CORPORATION
NUMBER OF OWNERS	Only one	Must have two or more	One or more	One or more
ASSET PROTECTION	None	None for GP Good for LP	Good for single-member (Protection of business assets against personal liabilities of the member is less certain.)  Good for multimember	Good for corporation's assets  None for shareholders
GOVERNANCE AND MANAGEMENT	Easy	Easy to complex	Easy to complex  Member-managed, manager-managed, board-managed	Complex  Board with officers required
RECORDKEEPING AND COMPLIANCE	Easy  Minimal records required	Moderate  Some records required	Moderate  Some records required	Complex  Records and meeting required
WHAT ARE THE ONGOING BUSINESS ENTITY MAINTENANCE COSTS?	State/local filing fees  Initial and ongoing	State filing fees  Initial and ongoing	State filing fees  Initial and ongoing	State filing fees  Initial and ongoing
MULTISTATE OR SINGLE-STATE ISSUES	Requires registration in every state where business is done	Requires registration in every state where business is done	Requires registration in every state where business is done	Requires registration in every state where business is done
TAX BENEFITS	Income potentially eligible for 199A deduction	Income potentially eligible for 199A deduction	Income potentially eligible for 199A deduction (if LLC is treated as a partnership for tax purposes)	Income not eligible for 199A deduction (unless an S corp election is made); 21% marginal rate
DEFAULT TAX STATUS	Disregarded for most federal tax purposes	Partnership	Partnership (but single-member LLCs are disregarded for most federal tax purposes)	C Corp
ELECTABLE TAX STATUS	Cannot elect a different tax status	Can elect C corp or S corp status	Can elect C corp or S corp status	S Corp

