

Types of Entities



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The main types of business registration are shown in the table, but there are a few variants. Check the latest status with your Secretary of State's office in your own State.

	C Corporation	S Corporation	Benefit Corporation	Partnership	Limited Partnership (LLP)	Limited Liability Company (LLC)	Low-profit Limited Liability Company (L3C)	Sole Proprietorship	Doing Business As (DBA)
What	Legal entity regulated by State; identity separate from owners	Corporation taxed like a partnership	A Corporation, with declared public benefit & must consider interests of stakeholders as well as shareholders	Gains or losses are passed to individual partners	A Partnership with many of the liability protections of a Corporation	Cross between corporation and partnership	Same as LLC, except limits profits and thus can accept Program Related Investment	Operates under the auspices of the individual	Not a legal entity, though it must be registered to protect name
Ownership	Shareholders: individuals or other legal entities	Owned by 75 or fewer shareholders	Shareholders as per C or S Corporations	Two or more partners	Essentially a Partnership where at least one partner is a general partner; the others can all be limited liability partners	Owned by Members (like shareholders); may be managed by a Member or a Manager	Same as LLCs	Owned by a person	Owned by a person
Taxes	Files own tax return	Profits/losses are passed through to shareholders	Taxed as C or S Corporation, whichever is selected	Taxes passed through to partners	Taxes passed through to partners	Pass-through tax status avoids double taxation	Pass-through tax status avoids double taxation	Owner pays income tax + 15.3% self-employment tax	As Sole Proprietorship
Protection	Shareholders not responsible for liability except in case of fraud	Same liability protection as C corporation	In sale or merger interests of stakeholders have same weight as shareholders	Partners are liable for partnership's actions	Asset protection	Same liability protection as a Corporation	Operating agreements must outline social purpose to protect charitable investors' tax status	None	None
Plusses	Asset protection; privacy; tax savings; easier to transfer ownership	Same as C Corporation	Reduced director liability; safer bet for impact investors; transparency and protection of mission	Easy to establish	Limited Partners can leave without dissolving Partnership; partners can share benefits without management	Annual registration but no accounts to be filed; flexibility, tax savings, easy to set up	May be created by nonprofit organizations as for-profit subsidiaries with social welfare goals	Easy to set up	Enables an individual to have a trade name for doing business
Minuses	Must comply with government documentation, reporting and corporate regulations	Same as Corporation; restriction on number and type of shareholder; one stock class	Only 33 States have this type, though another 6 are working on it	No liability protection & personal assets are at risk	General Partner carries all the risk; annual meeting necessary	LLC laws differ by State	Only, IL, LA, ME, MI, RI, UT, VT, WY. income or property appreciation can't be major purpose	No asset protection—owner's personal assets at risk	No asset protection—owner's personal assets at risk