

Table 3.1

# QUICK COMPARISON OF BUSINESS ENTITIES

	Sole Proprietorship	General Partnership	Limited Partnership	Corporation	Limited Liability Company
<b>Ownership</b>	Single individual	2 or more general partners	1 or more general partners and 1 or more limited partners	1 or more shareholders	1 or more members
<b>Direction and Control</b>	Single individual	All partners	1 or more general partners and 1 or more limited partners	1 or more directors	1 or more members
<b>Management</b>	Single individual	Managing partner or all partners	1 or more general partners	1 or more officers	1 or more members
<b>Liability</b>	Owner has unlimited liability	Partners have unlimited personal liability	Limited for limited partners, unlimited personal liability for general partner	Limited	Limited or unlimited
<b>Transferability</b>	Not applicable	May be assigned, but assignee not a partner	May be assigned, but assignee not a partner	Corporate stock freely transferable, "S" corporation restrictions must be met	May be assigned, but assignee may or may not be a member
<b>Continuity of Life</b>	Terminates on owner's death	Dissolves upon death or withdrawal, unless continued by partners	Generally dissolves upon death or withdrawal, unless otherwise specified in agreement	Perpetual	Operating Agreement determines continuity
<b>Federal Taxation</b>	Individual Taxed	Pass-through entity (each partner taxed individually)	Pass-through entity (each partner taxed individually)	"C" corporation and shareholders taxed; "S" pass-through entity, shareholders taxed	Pass-through entity (members taxed individually)
<b>Legal and Administrative Costs</b>	No initial or annual filings or fees or legal costs	No initial or annual filings or fees but may need legal service to draft partnership agreement	Initial and annual filings and fees for drafting limited partnership agreement	Initial and annual filings and fees, legal fees for drafting documents, annual meetings	Initial and annual filings and fees, legal fees for structuring entity