**Company Structures**

**Sole Proprietorship**

Owned by one person

**Pros**

1. Easy to Form and easy to dissolve
2. You are the boss and keep all the profits

**Cons**

1. Unlimited financial liability
2. Limited working capital
3. Management deficiencies
4. Potential lack of continuity of operation

**Partnership**

The Uniform Partnership Act defines partnerships as “associations of two or more persons who operate a business as co-owners by voluntary legal agreement.”

**Three Types of Partnerships**

1. General Partnership
2. Limited Partnership
3. Joint Venture

**Pros**

1. simple to organize
2. complementary management skills
3. have more working capital
4. less financial burden
5. less paperwork
6. fewer tax forms

**Cons**

1. can’t make decisions on your own
2. liability in that all partners are liable for the actions of any one of them
3. disagreements
4. must split the profits
5. you aren’t separate from your business
6. taxed individually at higher rates than business taxes

**Limited Liability Company (LLC) (single owner or multiple owners)**

An entity, rather than persons

**Pros**

1. Shields personal assets from business liability
2. Requires separation of business and personal finances
3. Allowed in all 50 states and the District of Columbia
4. Highly flexible management structure
5. Flexible tax reporting options on member personal tax returns

**Cons**

**S Corporation (Inc.)**

An entity, rather than persons. Considered a pass-through entity. Business is not taxed. The taxes flow through to personal tax returns.

**Pros**

1. Shields personal assets from business liability
2. Requires separation of business and personal finances
3. Allowed in all 50 states and the District of Columbia
4. Preferred by outside investors

**Cons**

1. Corporate structure difficult and expensive to set up
2. Some potential for double taxation
3. No more than 100 shareholders
4. Shareholders must be USA citizens or resident aliens

**C Corporation (Inc.)**

An entity, rather than persons

**Pros**

1. Shields personal assets from business liability
2. Requires separation of business and personal finances
3. Allowed in all 50 states and the District of Columbia
4. Preferred by outside investors
5. Preferred for IPO
6. Recognized outside the USA

**Cons**

1. Corporate structure difficult and expensive to set up
2. Some potential for double taxation as income is taxed at the corporate level