

Business Entity Comparison Table

S Corporations are not a special business entity. They are general corporation that have adopted a special tax treatment. Note that only LLCs and Corporations are chartered entities.

Characteristics	General Partnership	LLC	S Corp	Corporation
Formation	Agreement of parties involved. No permission required	File with state for permission	File with state for permission	File with state for permission
Duration	Dissolved by death of partner or bankruptcy	Typically limited to a fixed amount of time	Perpetual	Perpetual
Liability	Partners have unlimited liability	Members not typically liable for the debts of the LLC	Shareholders are typically not personally liable for the debts of the corporation	Shareholders are typically not personally liable for the debts of the corporation
Simplicity of Operation	Relatively few legal requirements	Some formal requirements but less formal than corporations	Formality of board of directors, officers, annual meetings and annual reporting	Formality of board of directors, officers, annual meetings and annual reporting
Management	Typically each partner has an equal voice unless otherwise arranged	Members have operating agreement that outlines management	The corporation is managed by the board of directors who are elected by the shareholders	The corporation is managed by the board of directors who are elected by the shareholders
Taxation	Each partner pays tax on his/her share of the income and can deduct losses against other sources of income	If properly structured there is no tax at the entity level. Income/loss is passed through to members of the LLC	No tax at entity level. Income / loss is passed through to the shareholders	Corporation is a taxable entity.
Pass Through Income/Loss	Yes	Yes	Yes	No, corporate losses can't be deducted by shareholder
Double Taxation	No	No	No	Yes
Cost of Creation	None	Filing fee with the state	Filing fee with the state	Filing fee with the state
Raising Capital	Contributions from partners or an addition of more partners	Possible to sell interests. Subject to operating agreement restrictions	Sell shares of stock to raise capital	Sell shares of stock to raise capital
Transferability of Interest	No	Possibly	Yes, subject to consent	Shares of stock in a corporation are easily transferable