

Entity Type	Advantages	Disadvantages
Sole Proprietorship	<ul style="list-style-type: none"> • Easiest to form • Owner Free to make decisions • Minimum Legal Restrictions • Owner receives all profits 	<ul style="list-style-type: none"> • Unlimited Liability • Limited ability to raise Capital • Skills limited to owner's abilities • Income tax cannot be deferred • Entity dissolves when Sole Proprietor dies • Self-Employment Tax (S/E Tax)
Partnership	<ul style="list-style-type: none"> • Easy to organize • Combines skill and judgment • Each partner has a personal interest 	<ul style="list-style-type: none"> • Unlimited Liability for the partners • Authority for decision is divided • Income tax cannot be deferred • Entity dissolves when one Partner dies • Self-Employment Tax (S/E Tax)
Corporation	<ul style="list-style-type: none"> • Life of business is perpetual • Stockholders have limited liability • Easy transfer of ownership • Shared Management • Adaptable to small and large businesses 	<ul style="list-style-type: none"> • *Double taxation on Profits • More difficult to create and organize • Corporate charter restricts types business activities • Subject to state and federal controls
S-Corporation	<ul style="list-style-type: none"> • Double Taxation of earnings is avoided • Same limited liability as a C-Corp • Passthrough of profits is not subject SE tax 	<ul style="list-style-type: none"> • Fringe benefits restricted • Shareholders pay taxes on undistributed profits • Number of shareholders is limited to 75 • Restrictions on who can be a Shareholder
Limited Liability Company Note: Fictitious names must be registered with the Secretary of State	<ul style="list-style-type: none"> • Same Limited Liability as corporations • S-Corporation restrictions on numbers of owners does not apply • Can be owned by a corporation 	<ul style="list-style-type: none"> • Must have at least two owners • Earnings may be subject to SE tax • Income tax cannot be deferred • Life of LLC is Limited