

## Types of Corporations

<i>Type of Entity</i>	<i>Advantages</i>	<i>Disadvantages</i>
Sole Proprietorship	Simple and inexpensive; Owner reports profit or loss on his/her personal taxes	Owner is liable for business debts
General Partnership	Simple and inexpensive; Partners report their share of the profit or loss on his/her personal taxes	Partners are liable for business debts
Limited Partnership	Limited partners have limited liability for business debts; General partners can raise capital without involving investors in management (most suitable for real estate)	General Partners are liable for business debts; More expensive
Regular C Corporation	Owners have limited liability for business debts; Profit can be split among owners and the corporation, paying lower overall taxes	More expensive; Paperwork is burdensome
S-Corporation	Owners have limited liability for business debts; Owners can use corporate loss to offset other income sources	More expensive; Paperwork is burdensome and the fringe benefits are limited to owners who own more than 2%
Professional Corporation	Owners have no personal liability for malpractice of other others	More expensive; Paperwork is burdensome and all the owners must be of the same profession
Non-Profit Corporation	No income taxes; Contributions are tax-deductible	Full tax advantages are only available to groups organized for charitable, scientific, educational, literary, or religious purposes.
Limited Liability Company	Significantly easier to maintain than a corporation; IRS rules now allow LLCs to choose between being taxed as a partnership or a corporation	More expensive; State laws for creating LLCs may not reflect latest federal tax changes.
Professional Limited Liability Company	Same advantages as a limited liability company; Gives state licensed professionals a way to enjoy advantages	Same disadvantages as a limited liability company
Limited Liability Partnership	Mostly of interest to partners in old line professions (law, medicine, accounting); Owners report their share of profit or loss on personal taxes	Owners remain personally liable for types certain obligations; not available in all states and limited in professions