Entity Choice Chart

Entity Type	Liability	Taxation	Formation	Maintenance
Sole Proprietorship	Owner personally liable for business debts	Owner reports profits or loss on their personal tax return	No filing necessary besides your own licenses/permits	No maintenance required.
Limited Partership	Limited partners have limited liability for business debts as long as they don't participate in managing the business	Provides limited partners a return on their investment; typically defined on partnership agreement	No filing necessary.	Can raise cash without involving outside investors in the management of the business.
General Partnership	Owners personally responsible for liabilities.	Owners report profit and loss on their personal tax returns.	No filing necessary.	Can raise cash without involving outside investors in the management of the business.
Corporation	Limited personal liability for business debts.	Owners can split corporate profit, paying lower taxes overall. Filed as a separate tax entity.	Unlimited amount of shareholders; more costly than partnership/sole proprietorship.	Shares of stock can be sold to raise capital; meetings required to maintain corporate status.
S-Corporation	Limited personal liability for business debts.	Owners report their share of profit and loss on their personal tax returns; income allocated to owners according to their ownership interest; can use corporate losses to set off income	More costly than partnership/ sole proprietorship.	Formalities included
Limited Liability Company	Pass-through tax structure of a partnership	File as a schedule C on your 1040 income return	Prepare the Articles of Organization and Operating agreement through your state; cost will vary state-to-state.	Simple maintenance.