BUSINESS ENTITY SUMMARY TABLE

<u>**Limited Liability Company (LLC)**</u>	<u>**Partnership**</u>	<u>**Corporation**</u>
Ownership An LLC is registered with the State, and owned by "members". They will draft an operating agreement to outline percentages of ownership for each member, as well as the authority of members and managers.	*Ownership* The business is registered with the state and owned by "partners" who all invest in the business. Partners are co-owners and are allocated profits/losses based on their respective contribution amounts to the company.	*Ownership* The most complicated of the business formations listed, the corporation is also registered with the state. The general structure of a corporate administration requires a board of directors who appoints executive officers. These individuals act on behalf of the "shareholders" who are the owners of stock in the company.
Liability The LLC's structure protects owners' personal assets from business creditors. In the event of a lawsuit, damages awarded can only be liquidated from the business' assets—not the owner's personal property.	*Liability* Generally, partners are "jointly and severally liable" which means their personal assets can be at risk in the event of a business lawsuit. Since there is little to no liability shield for partners, this is one of the least popular and ill-advised business entity formations.	*Liability* Stockholders' personal assets are protected from risk of a business lawsuit. Directors and executive officers are usually protected from business creditors as well, unless said individuals take fraudulent or other self-serving actions which harm the shareholders and company. Corporate records, such as annual meeting minutes of the shareholders and directors, must be maintained and updated to preserve liability protection.
Taxation Single member LLC: Taxes are essentially paid directly as part of the owner's income tax. Multi-member: The LLC is taxed as a partnership, in which case members pay taxes on profits based on their respective shares of the LLC's ownership. S-Corp Election—LLCs can elect to be taxed as an S-Corporation. The main benefit is allowing owners to split the taxation of their company salaries from their ownership profit distributions, which may save money on taxes. You should consult your professional accountant before deciding if an S-Corp election is right for you.	*Taxation* The partnership is taxed through the owner's personal income tax. Partners pay taxes based on their share of the company's profits.	*Taxation* A corporation is "taxed twice," which means that the business is taxed on the profits of the corporation itself, and the shareholders will also pay a personal income tax on any dividends disbursed to them. A smaller corporation can also designate itself as an S-Corp, which results in the tax liability being passed on directly to the shareholders themselves through their personal taxes. This will prevent the corporation from being "taxed twice."