

# Comparison of Business Structures

TYPE	COST	LIABILITY	TAXES	FUNDING
<b>Sole Proprietorship</b>	<b>Most inexpensive to start</b> <ul style="list-style-type: none"> <li>• reserve name</li> <li>• get business licenses</li> </ul>	<b>Unlimited</b> <ul style="list-style-type: none"> <li>• owners are liable for everything the business does</li> </ul>	Taxed once at the individual rate.	Limited to the money the owners have and can borrow.
<b>Partnership</b>	<b>Inexpensive to start</b> <ul style="list-style-type: none"> <li>• reserve name</li> <li>• get local license</li> <li>• get partnership agreement</li> </ul>	<b>Unlimited</b> <ul style="list-style-type: none"> <li>• owners are liable for everything each owner does and what the business does</li> </ul>	Taxed once at the individual rate.	Limited to the money the partners have and can borrow.
<b>Corporation</b>	<b>Most expensive to start</b> <ul style="list-style-type: none"> <li>• get all licenses</li> <li>• get federal ID</li> <li>• get corporate documentation</li> <li>• legal fees</li> </ul>	<b>Limited</b> <ul style="list-style-type: none"> <li>• owners are liable for their actions only and limited to the assets of the Corporation.</li> </ul>	Taxed twice <ul style="list-style-type: none"> <li>• at the corporate level</li> <li>• at the individual level</li> </ul>	Money the owners have in addition to the ability to sell shares to investors and what the corporation can borrow.
<b>S-Corporation</b>	<b>Expensive to start</b> <ul style="list-style-type: none"> <li>• get all licenses</li> <li>• get federal ID</li> <li>• get corporate documentation</li> <li>• legal fees</li> </ul>	<b>Limited</b> <ul style="list-style-type: none"> <li>• owners are liable for their actions only and limited to the assets of the Corporation.</li> </ul>	Taxed once at the individual rate. <ul style="list-style-type: none"> <li>• Cannot leave money in the business.</li> </ul>	Money the owners have in addition to ability to sell shares to investors and what the corporation can borrow.
<b>Limited Liability Company</b>	<b>Less expensive to start</b> <ul style="list-style-type: none"> <li>• get all licenses</li> <li>• get federal ID</li> <li>• documentation is less</li> <li>• fees are less</li> </ul>	<b>Limited</b> <ul style="list-style-type: none"> <li>• owners are liable for their actions only and limited to the assets of the Corporation.</li> </ul>	Taxed once at the individual rate. <ul style="list-style-type: none"> <li>• Cannot leave money in the business.</li> </ul>	Money the owners have in addition to the ability to sell shares to investors, and what the Limited Liability Company (LLC) can borrow.