### Table 3.1

**Quick Comparison of Business Entities**

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Sole Proprietorship</th>
<th>General Partnership</th>
<th>Limited Partnership</th>
<th>Corporation</th>
<th>Limited Liability Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direction and Control</td>
<td>Single individual</td>
<td>2 or more general partners</td>
<td>1 or more general partners and 1 or more limited partners</td>
<td>1 or more shareholders</td>
<td>1 or more members</td>
</tr>
<tr>
<td>Management</td>
<td>Single individual</td>
<td>Managing partner or all partners</td>
<td>1 or more general partners</td>
<td>1 or more officers</td>
<td>1 or more members</td>
</tr>
<tr>
<td>Liability</td>
<td>Owner has unlimited liability</td>
<td>Partners have unlimited personal liability</td>
<td>Limited for limited partners, unlimited personal liability for general partner</td>
<td>Limited</td>
<td>Limited or unlimited</td>
</tr>
<tr>
<td>Transferability</td>
<td>Not applicable</td>
<td>May be assigned, but assignee not a partner</td>
<td>May be assigned, but assignee not a partner</td>
<td>Corporate stock freely transferable, “S” corporation restrictions must be met</td>
<td>May be assigned, but assignee may or may not be a member</td>
</tr>
<tr>
<td>Continuity of Life</td>
<td>Terminates on owner’s death</td>
<td>Dissolves upon death or withdrawal, unless continued by partners</td>
<td>Generally dissolves upon death or withdrawal, unless otherwise specified in agreement</td>
<td>Perpetual</td>
<td>Operating agreement determines continuity</td>
</tr>
<tr>
<td>Federal Taxation</td>
<td>Individual taxed</td>
<td>Pass-through entity (each partner taxed individually)</td>
<td>Pass-through entity (each partner taxed individually)</td>
<td>“C” corporation and shareholders taxed; “S” pass-through entity, shareholders taxed</td>
<td>Pass-through entity (members taxed individually)</td>
</tr>
<tr>
<td>Legal and Administrative Costs</td>
<td>No initial or annual filings or fees or legal costs</td>
<td>No initial or annual filings or fees but may need legal service to draft partnership agreement</td>
<td>Initial and annual filings and fees, legal fees for drafting limited partnership agreement</td>
<td>Initial and annual filings and fees, legal fees for drafting documents, annual meetings</td>
<td>Initial and annual filings and fees, legal fees for structuring entity</td>
</tr>
</tbody>
</table>