



# BUSINESS STRUCTURE TABLE

## LEGAL STRUCTURE

### SOLE PROPRIETORSHIP

### GENERAL PARTNERSHIP

### LIMITED PARTNERSHIP

### LIMITED LIABILITY PARTNERSHIP

### C CORPORATION

### S CORPORATION

### LIMITED LIABILITY COMPANY

|  | SOLE PROPRIETORSHIP  | GENERAL PARTNERSHIP  | LIMITED PARTNERSHIP  | LIMITED LIABILITY PARTNERSHIP  | C CORPORATION  | S CORPORATION   | LIMITED LIABILITY COMPANY  |
|--|--|--|--|--|--|---|--|
| <b>WHO OWNS?</b>                                       | "One" individual (Note: A husband and wife can be classified as a sole proprietorship) | General Partners; agreement between two or more parties (Note: A business conducted by registered domestic partners must be classified as a partnership) | General and Limited Partners   | In California the use of LLP is limited to specific professional practice types (ie: architects, engineers, land surveyors, lawyers & accountants) | Shareholders   | Shareholders  | Members  |
| <b>WHO MAKES MANAGEMENT DECISIONS</b>                  | Sole Proprietor has full control of management and operations                          | Each partner, unless otherwise arranged  | General Partner(s) only (not limited partners, unless they serve on the board)                   | All partners have the right to manage business directly  | Managed by board of directors elected by shareholders                    | Managed by board of directors elected by shareholders | Ordinarily members; or managers if manager-managed LLC                 |
| <b>ENTITY FORMATION REQUIREMENT</b>                    | California Secretary of State NO state filing requirement                              | California Secretary of State filing is optional   | California Secretary of State filing required  | California Secretary of State filing required  | California Secretary of State filing required                            | California Secretary of State filing required         | California Secretary of State filing required                          |
| <b>LIABILITY OF BUSINESS DEBTS</b>                     | Sole Proprietor personally liable  | Partners have unlimited liability  | Each general partner has unlimited liability   | Partners are not responsible for the debts of LLP  | No personal liability of shareholders                                    | No personal liability of shareholders                 | Liability of Members; limited to their financial investments           |
| <b>DURATION OF ENTITY EXISTENCE (IF OWNER DEPARTS)</b> | Dissolved if entity ceases doing business or upon death of sole proprietor             | Dissolved automatically unless otherwise stated in partnership agreement   | Dissolved automatically unless otherwise stated in partnership agreement                         | Dependent on requirements imposed by state of formation  | No effect, unless corporation is solely owned                            | No effect, unless corporation is solely owned         | Dependent on requirements imposed by state of formation                |
| <b>TAXATION</b>  | Not a taxable entity, sole proprietor pays all taxes                                   | Each partner pays tax on share of income and can deduct other losses against other sources of income   | Files taxes as separate entity, must meet certain criteria to avoid being taxed as a corporation | Files taxes as separate entity, must meet certain criteria to avoid being taxed as a corporation   | Taxed at the entity level, taxed at individual tax rates of shareholders | Income/loss passed through to shareholders            | Can be taxed as a corporation Income/loss is passed through members    |
| <b>FRANCHISE TAX</b>                                   | NONE   | NONE   | Annual Tax \$800   | Annual Tax \$800   | Minimum Franchise Tax \$800  | Minimum Franchise Tax \$800                           | Minimum Tax \$800  |
| <b>FTB TAX FORMS</b>                                   | 540  | 565  | 565  | 565  | 100  | 100S  | 568 (Single Member/Partnership) 100 (Corporation) 100S (S Corporation) |
| <b>DUE DATES</b>                                       | April 15   | 15th Day of the 4th Month  | 15th Day of the 4th Month  | 15th Day of the 4th Month  | 15th Day of the 3th Month  | 15th Day of the 3th Month                             | 15th Day of the 4th Month  |