

LEGAL STRUCTURES



SOLE PROPRIETORSHIP

Sole proprietorship is viewed as an extension of the owner. Taxes and liability flow through the owner.



GENERAL PARTNERSHIP

Two or more persons own the business jointly. They share profits, losses, taxes and liability of the business in accordance with their partnership agreement.



LIMITED PARTNERSHIP

In an LP, there's at least one general and one limited partner. The general partner has personal liability for the partnership. The limited partner, or "silent" partner, does not have personal liability and cannot participate in the management of the business.



LIMITED LIABILITY COMPANY

An "LLC" is a hybrid of a corporation and a partnership, and unlimited owners via shareholders and investors can be taxed as either. The ownership percentages, profit and loss distributions, and voting powers of each member are determined by an agreement. The owners, officers and directors are protected from the liabilities of the company.



CORPORATION

A corporation is owned by one or more stockholders and managed by a board of directors elected by the stockholders. The directors appoint officers who run the day-to-day business of the company. The stockholders, directors and officers of the company are protected from the liabilities of the company.

C CORPORATION

C Corps refer to any corporation that's taxed separately from its owners. There's no limit on the number of shareholders, foreign or domestic.

S CORPORATION

S Corps are taxed like a partnership and the profits and losses of S Corps flow through to the federal tax returns of the owners.

NONPROFIT CORPORATION

A nonprofit uses surplus revenues to achieve its goals rather than to distribute them as profit or dividends.



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