**ORGANIZATION COMPARISON MATRIX**
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| **Elements** | **Sole Proprietorship** | **C Corp** | **S Corp** | **LLC** |
| **Formation****Requirements,** **Costs** | No filing required | Must file with state, and pay a filing fee. | Must file with state, and pay a filing fee. | Must file with state, and pay a filing fee. |
| **Personal****Liability** | Unlimited liability | Shareholders and owners are protected from personal liability. | Shareholders and owners are protected from personal liability. | Have limited personal liability. |
| **Administrative** **Requirements** | No election of Board of Directors/officers, annual meetings. | Election of board of directors/officers, annual meetings, and annual report filing requirements. | Election of board of directors/officers, annual meetings, and annual report filing requirements. | No election of Board of Directors/officers, annual meetings. |
| **Management** | Owner has full control | Shareholders elect directors who manage business activities. | Shareholders elect directors who manage business activities. | Members can set up structure as they choose. |
| **Term** | Terminated when proprietor ceases doing business or upon death. | Perpetual: can extend past death or withdrawal of shareholders. | Perpetual: can extend past death or withdrawal of shareholders. | Perpetual, unless state requires fixed amount of time. |
| **Taxation** | No corporate tax. Pay tax as an individual | Must pay corporate tax. | No corporate tax. Pay tax as an individual. | No corporate tax. Pay tax as an individual. Income passed through to members. |
| **Double Taxation** | No | Yes, taxed at corporate level and then again if distributed to shareholders in the form of dividends. | No | No |
| **Self-Employment** **Tax (SSN/Medicaid)****(if individual earn $400 or more)** | Yes | Yes | Yes | Yes |
| **Pass Through** **Tax Treatment** | Yes | No | Yes | Yes |
| **Tax Forms** | 1040 | IRS Form 1120 | IRS Form 1120SShareholders get K-1 for personal tax returns. | (1 member) Sole Proprietor: IRS Form 1040 - Schedule C Partnership: IRS Form 1065, Members get K-1 |
| **Transferability of** **Interest** | No | Shares of stock are easily transferred. | Yes, but must observe IRS regulations on who can own stock. | Possibly, depending on restrictions outlined in the operating agreement. |
| **Raising Capital** | Individual provides capital | Shares of stock are sold to raise capital (Securities laws apply). | Shares of stock are sold to raise capital. Limitations prevent S corp. stock ownership by corporations. | May sell interests, but subject to operating agreement(Securities laws may also apply). |
| **Ease of** **Operation** | Easiest | Difficult | Moderate | Difficult |