

## Brief Overview of Business Entities

	<b>Sole Proprietorship</b>	<b>General Partnership</b>	<b>Limited Partnership</b>	<b>Limited Liability Company</b>	<b>S Corporation</b>	<b>C Corporation</b>
<b>Ownership/Size</b>	One owner	Unlimited number of General Partners	Unlimited number of General Partners and Limited Partners	Can have one "Member" (a Single Member LLC) or can have an unlimited number of "Members"	Up to 75 shareholders allowed with only one class of stock	Unlimited number of shareholders allowed with no limit on stock classes
<b>Capital Contributions</b>	Sole Proprietor contributes all capital needed	General Partners contribute money or services and receive an interest in the profits and losses	General and/or Limited Partners contribute money or services and receive an interest in the profits and losses	Members contribute money or services to the LLC, and receive an interest in profits and losses	Shareholders contribute money or services to the corporation in exchange for stock	Shareholders contribute money or services to the corporation in exchange for stock (perhaps of different classes)
<b>Documents Required to be Filed to Create the Business Entity</b>	No filing is required to create the sole proprietorship.	No filing is required to create the General Partnership.	A Limited Partnership Certificate must be filed with the Connecticut Secretary of State.	Articles of Organization must be filed with the Connecticut Secretary of State.	A Certificate of Incorporation must be filed with the Connecticut Secretary of State, and an S Corporation Election with the Internal Revenue Service.	A Certificate of Incorporation must be filed with the Connecticut Secretary of State.
<b>Duration of Existence</b>	Remains in existence until the sole proprietor closes the business or dies.	Unless the General Partnership is for a definite term or particular undertaking, it continues in existence until it is dissolved.	Unless the Limited Partnership Certificate specifies a date certain for termination, it remains in existence until it is dissolved.	Unless the Articles of Organization specify a date certain for termination, it remains in existence until it is dissolved.	Unless the Certificate of Incorporation specifies a date certain for termination, it remains in existence until it is dissolved.	Unless the Certificate of Incorporation specifies a date certain for termination, it remains in existence until it is dissolved.
<b>Personal Liability of Owner</b>	The sole proprietor has personal liability for the obligations of the business.	Each partner has personal liability for the obligations of the business, including those undertaken by the other partner(s).	The General Partners have personal liability for the obligations of the business; in most instances the Limited Partners do not have personal liability.	A Member has no personal liability for the obligations of the business. A Member may, however, have personal liability if his negligent conduct has caused an injury to a third party.	A shareholder has no personal liability for the obligations of the business. A shareholder may, however, have personal liability if his negligent conduct has caused an injury to a third party.	A shareholder has no personal liability for the obligations of the business. A shareholder may, however, have personal liability if his negligent conduct has caused an injury to a third party.

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<b>Operations/ Management</b>	The sole proprietor manages the business.	The General Partners have equal management rights, unless a written Partnership Agreement provides otherwise.	The General Partners manage the business. The Limited Partners do not participate in management; they are viewed as investors, not managers.	The Articles of Organization and Operating Agreement will provide that the business either is managed by one or more of its Members, or it is managed by a Manager.	The shareholders elect a Board of Directors and the Board elects officers. By statute, the management of the business is vested in the Board of Directors. In most small businesses, the shareholder(s), director(s), and officer(s) are the same people.	The shareholders elect a Board of Directors and the Board elects officers. By statute, the management of the business is vested in the Board of Directors. In most small businesses, the shareholder(s), director(s), and officer(s) are the same people.
<b>Income Taxation</b>	Profits and losses are passed through to the Sole Proprietor and income taxes are paid on the Sole Proprietor's Individual Tax return filing	Income Tax returns are filed at the Partnership and Individual level, but profits and losses are passed through to the General Partners.	Income Tax returns are filed at the Partnership and Individual level, but profits and losses are passed through to the General and Limited partners	Entity is taxed like a partnership, unless it elects to be taxed like a corporation. Like a partnership, Income Tax returns are filed at the Partnership and Individual level, but profits and losses are passed through to Members	Income Tax returns are filed at corporate and individual level, but profits and losses are passed through to the shareholders	Corporation taxed on its earnings at the corporate level and the shareholders have a further tax on any dividends distributed
<b>Interest Transferability</b>	The sole proprietor can sell the assets of the business anytime he chooses.	By statute, a General Partner may transfer only his/her share of profits and losses, and his/her right to future distributions. A General Partner's authority to make such a transfer may be limited by the terms of the Partnership Agreement.	By statute, a General Partner or Limited Partner may transfer only his/her share of profits and losses, and his/her right to future distributions. A General or Limited Partner's authority to make such a transfer may be limited by the terms of the Partnership Agreement.	A Member's Membership Interest is freely transferrable, unless limited by the terms of the Operating Agreement	A stockholder's shares of stock are freely transferrable, unless limited by the terms of the Certificate of Incorporation, By-Laws, or an Agreement among the stockholders.	A stockholder's shares of stock are freely transferrable, unless limited by the terms of the Certificate of Incorporation, By-Laws, or an Agreement among the stockholders.
<b>Dissolution</b>	Dissolves upon sale of business or close of business by Sole Proprietor	Dependent upon provisions set forth in the Partnership Agreement	Dependent upon provisions set forth in the Partnership Agreement	Complex: requires "winding up" of LLC affairs in accordance with the Operating Agreement provisions and filing dissolution document with State	Complex: requires dissolution procedures according to the Bylaws and State policies	Complex: requires dissolution procedures according to the Bylaws and State policies
<b>Examples</b>	Freelance Author	Small Clothing Store, Mom and Pop Ice Cream Shop	Law Firm	Real Estate Development Company	Small Business with private stock to sell	Public Corporation: software company, investment bank

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