

QUICK GUIDE TO CHOOSING A BUSINESS STRUCTURE



LOW EFFORT
LOW COST



HIGH EFFORT
HIGH COST

BUSINESS STRUCTURE	BRIEF DESCRIPTION	PROS	CONS
Sole Proprietorship	A one-owner business	<ul style="list-style-type: none">Easiest to formFull ownershipSimple to runDo not need to incorporate	<ul style="list-style-type: none">No legal protectionOwners responsible for all business debt and liability
Partnership	Business with more than one owner		
Single Member LLC	Taxed like sole proprietorship but limits liability	<ul style="list-style-type: none">Easy to formLimits liability	<ul style="list-style-type: none">Less favorable tax treatment than corporations
Multi Member LLC	Taxed like partnership but limits liability	<ul style="list-style-type: none">Simpler to run than corporationIdeal for small startup business	<ul style="list-style-type: none">Customers must provide 1099 yearly
C Corporation	Has legal existence distinct from its owners	<ul style="list-style-type: none">Limited liabilityFavorable tax breaks	<ul style="list-style-type: none">More effort/expense to form and run
S Corporation	Has its own legal existence; shareholders share tax burden	<ul style="list-style-type: none">Close corp has relaxed rules for governance	<ul style="list-style-type: none">Board of directors managesShareholders can take over management of Close Corp
Close Corporation	Small corp without strict formalities		
Benefit Corporation	Same legal structure as C Corp, plus social and environmental responsibility	<ul style="list-style-type: none">Triple bottom line approach attracts investors, employeesSimilar benefits to C Corp and S Corp	<ul style="list-style-type: none">Yearly audit requiredBenefit Company structure not widely available
Benefit Company	The LLC version of Benefit Corporation		
Nonprofit	Organization with a mission to serve the public interest	<ul style="list-style-type: none">Donations to 501(c)(3) nonprofit are tax-deductibleNonprofits don't pay, but do file, taxesEligible for more grantsFavorable role in community	<ul style="list-style-type: none">High effort to incorporate/runBusiness founder does not own company
Cooperative	Business owned and controlled by members; can be for-profit or non-profit		<ul style="list-style-type: none">Board makes decisionsNo one structure for Cooperatives