

BUSINESS LEGAL STRUCTURES

SOLE PROPRIETOR

Single owner.

{Name Registration (*Trade or Fictitious*) DBA}

Liability - Owner is responsible for own actions and employees actions.

Taxed Once - Owner reports all income and expenses on personal tax return.

Advantage - No partnership agreement.

Disadvantage - Personal assets are more open to attack in a legal case.

FORM# 534A

(In State or *foreign* to the State of Ohio)

PARTNERSHIPS

Owned and controlled by two or more.

Liability - Owners are responsible for own actions and actions of employees.

Taxed Once - Partners report share of income on individual tax return.

Advantage - Taxed only once.

Disadvantage - Personal assets more open to attack in a legal case.

FORM # 535

(In State or *foreign* to the State of Ohio)

LIMITED PARTNERSHIP

Owned by at least one general partner and at least one limited partner.

Liability - Partners are responsible for own actions and employee actions.

Taxed Once - General and limited partners report their share of partnership income on individual tax returns.

Advantage - Limited partners' assets are less open to attack in a legal case.

Disadvantage - General partners' personal assets are more open to attack in a legal case. Approval needed from partners before management duties are transferred.

FORM# 531A

LIMITED LIABILITY COMPANY

Owners of an LLC are called members and may include individuals, corporations, other LLCs and foreign entities.

Liability - Members are responsible for own actions and actions of the business.

Taxed Once - Members report their share of business income on individual tax returns.

Advantage - Personal assets are generally less open to attack in a legal case.

Disadvantage - Must have approval of all members before management duties are transferred.

*Note: IRS does not recognize LLC business entity and must report as a sole proprietor on income taxes.

FORM# 533A

C-CORPORATION

Owners may be one or more individuals, corporations, other LLCs/foreign entities.

Liability - Shareholders are responsible for own actions and actions of the business.

Taxed Twice - Shareholders pay taxes on their earnings dividends. Corporation also pays taxes on corporate earnings.

Advantage - Easy to transfer shares.

Disadvantage - Personal assets can be attacked, but business assets are taken first.

FORM# 532

LIMITED LIABILITY PARTNERSHIP

*A Limited Liability Partnership is usually formed by a general partnership that desires limited liability but finds it too difficult to organize as a limited liability company. **Businesses do not start out as limited liability partnerships.***

FORM# 536

(FORM 537 for *foreign* to the State of Ohio registrant)

S-CORPORATION

Business must be registered as a C-corporation before applying for S-corporation status from the Internal Revenue Service (IRS).

Shareholders pay taxes on their earnings. Corporation does not pay federal taxes.

IRS FORM# 2553