

# CHOICE OF ENTITY COMPARISON CHART

	General Partnership	Limited Partnership	C Corporation	S Corporation	Limited Liability Company
<b>Formation</b>	No statutory requirements; trade name app; EIN; partnership agreement	Certificate of LP; EIN; partnership agreement; \$100 filing fee	Articles of Incorporation; EIN; bylaws/shareholder agreements; \$100 filing fee	Same as C Corp; IRS Form 2553 (S Election)	Certificate of Formation; EIN if more than 1 member, or if single member w/ employees; LLC agreement; \$100 filing fee
<b>Number of Owners</b>	At least 2	At least 2	No limit	1 to 100	No limit
<b>Types of Owners</b>	No restrictions	No restrictions	No restrictions	Individuals (U.S. citizens/residents), estates, certain trusts only; no corporations, LLCs, nonresident aliens	No restrictions
<b>Different Classes of Owners</b>	General partners only	At least one general partner; multiple classes of limited partners	Unlimited	Only one class of stock permitted; voting differences permitted	Unlimited
<b>Management</b>	No restrictions; except as may be imposed by partnership agreement	Limited partners cannot participate in the management	No restrictions; usually centralized in board of directors who may or may not be shareholders	No restrictions; usually centralized in board of directors who may or may not be shareholders	No restrictions, except as may be imposed by operating agreement; usually member-managed or manager-managed
<b>Transferability</b>	Economic rights may be assignable; transfer of governance rights requires consent of partners; agreement governs	Restrictions imposed by agreement	Yes; Restrictions may be imposed by shareholders agreement	Yes; Restrictions may be imposed by shareholders agreement; transfer to an ineligible party may result in termination of S corp status	Economic rights may be assignable; transfer of governance rights requires consent of members; agreement governs
<b>Liability</b>	General partners personally liable, usually jointly and severally with other general partners	General partners personally liable; limited partners liable to extent of capital contribution	Limited to extent of capital contribution	Limited to extent of capital contribution	Limited to extent of capital contribution
<b>Continuity of Life</b>	No	Generally no, unless partners reconstitute	Yes	Yes	Yes
<b>Levels of Fed. Income Taxation</b>	1 (individual; pass through)	1 individual; pass through	2 (corporate and shareholder)	1 (individual; pass through)	1 (individual; pass through)

	<b>General Partnership</b>	<b>Limited Partnership</b>	<b>C Corporation</b>	<b>S Corporation</b>	<b>Limited Liability Company</b>
<b>NH State Tax Issues</b>	No recognition of pass-through entities	No recognition of pass-through entities		No recognition of pass-through entities	No recognition of pass-through entities
<b>Advantages</b>	Pass-through taxation; minimal formalities	Pass-through taxation; limited partnership will not dissolve on the death, bankruptcy or withdrawal of a limited partner; limited liability of limited partner	Most widely recognized business entity in the world; the premier entity for going public; developed body of law/legal precedent regarding corporations and stock; stability; attractive for investors	Pass-through taxation; corporate form is recognized by investors; see also C Corporation	Pass-through taxation, limited liability shield; few corporate formalities; flexibility in operation and tax classifications
<b>Disadvantages</b>	No limited liability for partners; death or withdrawal of a partner causes immediate dissolution	General partner is fully liable for the debts and obligations of the limited partnership	Double taxation on earnings and profits of business; corporate formalities must be maintained	Limitation on shareholders; limited to one class of stock; requires a timely election; must adhere to corporate formalities	Undeveloped case law, some creditors will require members of start-up LLCs to personally guarantee the LLC's loans, thus making the members personally liable for the debts of the LLC; management structure may be unfamiliar to many
<b>Type of Businesses Best Suited For</b>	Existing real estate partnerships where legal fees associated with conversion would not merit conversion; co-ventures; business where there is adequate insurance for partnership activities and partners want flexible relationship	Businesses where there are many partners, some of whom do not want to be involved in the mgmt. and operation of the business and also want to limit their liability (e.g. real estate development projects where one or two partners will be doing all of the work, and the other partners are involved solely to provide funds)	Businesses that may have large start-up costs, wants to look for outside investors, may go public in future; want to have multiple classes of stock and sell stock to anyone, (e.g. businesses that sell products, have a storefront and employees, warehouse with inventory)	Businesses that have low start-up costs, that do not need to purchase a significant amount of assets to begin operations, businesses that have no storefront, low operating costs, no warehouse (e.g. purchasing a turn-key business, Internet-only businesses)	Businesses that hold real estate, or other tangible assets, particularly assets prone to obvious dangers such as boats and airplanes, businesses that want flexibility in management and ease of governance without having to adhere to corporate formalities, (e.g. real estate holding companies, operating and mgmt companies)