



Structure	Best For	Liability	Taxes	Pros	Cons
<b>Sole Proprietorship</b>	Freelancers, consultants, very small businesses	<b>No separation</b> — personal assets at risk	Pass-through (Schedule C)	- Easy to set up- Low cost- Full control	- No liability protection- Harder to raise funds
<b>LLC (Limited Liability Company)</b>	Small businesses wanting liability protection without complexity	<b>Limited liability</b> — separates personal & business assets	Default: Pass-through (can elect S-Corp)	- Legal protection- Flexible taxes- Credibility	- State filing fees- Annual reporting in some states
<b>S Corporation (S-Corp)</b>	Owners looking to reduce self-employment tax (once profitable)	Limited liability	Pass-through ( <b>W-2 + distributions</b> )	- Save on self-employment taxes- Still a pass-through entity	- Payroll required- More compliance (reasonable salary, minutes)
<b>C Corporation (C-Corp)</b>	Startups, high growth companies, outside investors	Limited liability	<b>Double taxation</b> (corporate + dividends)	- Unlimited growth potential- Multiple classes of stock	- Complex- Double tax unless structured carefully
<b>Partnership (General)</b>	Two or more people running a business together	Shared personal liability	Pass-through	- Simple to start- Shared responsibility	- Joint liability- Can get messy without a solid agreement
<b>Limited Partnership (LP) or LLP</b>	Passive investors or professionals (law, accounting)	Varies by partner type	Pass-through	- Defined roles (general vs limited partners)	- Legal structure can be complex