

## Business Structure<sup>1</sup> (Type) Comparison Chart

	Sole Proprietorship	General Partnership	Association	Corporation	Limited Liability Company (LLC)	Professional Limited Liability Company (PLLC)	Limited Partnership (LP)	Limited Liability Partnership (LLP)	Voluntary Association
One owner	✓			✓	✓	✓			
Two or more owners		✓	✓	✓ S Corporations <sup>2</sup> cannot have more than 100 owners; all must be U.S. citizens.	✓	✓	✓	✓	✓
For profit	✓	✓	✓	✓	✓	✓	✓	✓	✓
Non-profit			✓	✓			✓	✓	✓
Limited liability protection				✓	✓	✓	Maybe	✓	✓
Business name protection				✓	✓	✓	✓	✓	✓
Perpetual business duration				✓	✓	✓	✓	✓	✓
Flexibility in who manages the business					✓	✓		✓	
Professional license required to operate (Dr., Lawyer, Accountant, etc.)				✓		✓	✓	✓	
Strict formal administrative requirements				✓					
Easy to add owners/transfer ownership				✓	✓	✓	✓	✓	
May issue stock to raise capital				✓					

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May be owned by another business				✓	✓	✓	✓	✓	
Business taxed at Entity level				✓	Maybe				
Pass-through income/loss	✓	✓		S Corporations <sup>2</sup> only	✓	✓	✓	✓	
Double taxation				✓ Not applicable to S Corporations <sup>2</sup>					

<sup>1</sup>The list of business entity types presented here represents the most common types. Other types include:

- Joint Venture
- Benefit Corporation
- Cooperative Association
- Unincorporated Non-profit Association
- Business Trust

### <sup>2</sup>S Corporation vs. C Corporation

#### Similarities:

- Both have limited liability protection
- Both are separate legal entities apart from their owners created by a state document filing
- Both have officers, directors, and shareholders
- Both have corporate operating formalities (bylaws, issuance of stock, shareholder/director meetings, filing annual reports, paying annual fees)

#### Differences:

##### **S Corporation** (special Subchapter S tax status election with IRS)

- No more than 100 shareholders; shareholders must be U.S. citizens
- Pass-through tax entities (reported on owners' personal tax returns)
- No income tax paid at corporate level
- File informational federal tax return IRS Form 1120S
- Form 2553 must be filed with the IRS and all S corporation guidelines met
- Can only have one class of stock

##### **C Corporation** (standard corporation)

- No restrictions on ownership
- Separately taxable entities (taxes paid at corporate level)
- File corporate tax return IRS Form 1120
- Double taxation if income distributed to owners as dividends
- Can have multiple classes of stock

Contact the **One Stop Business Center** at (304) 558-8000, toll free at (866) 767-8683 or visit us online at [business4.wv.gov](http://business4.wv.gov) for more information or assistance starting your new business in West Virginia.