



Starting a new business?

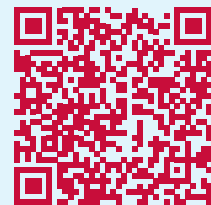


Choose a business structure

When starting a business, you must decide what form of business entity to establish. Your form of business determines which income tax return form you have to file.

The most common forms of business are the sole proprietorship, partnership, corporation and S corporation. A limited liability company (LLC) is a business structure allowed by state statute.

Compare the general traits of these business structures, but remember that ownership rules, liability, taxes and filing requirements for each business structure can vary by state. The following table is only a guideline. Confer with a business tax specialist to confirm your specific business needs.



[IRS.gov/bizstructure](https://www.irs.gov/bizstructure)

Find more details about the tax considerations for each business entity, including which tax forms to use, with [IRS.gov Business Structures](https://www.irs.gov/bizstructure).

| Business structure | Ownership | Liability | Taxes |
|--|---|---|---|
| Sole proprietorship | One person | Unlimited personal liability | Self-employment tax Personal tax |
| Partnerships | Two or more people | Unlimited personal liability unless structured as a limited partnership | Self-employment tax (except for limited partners) Personal tax |
| Limited liability company (LLC) | One or more people | Owners are not personally liable | Self-employment tax Personal tax or corporate tax |
| Corporation - C corp | One or more people | Owners are not personally liable | Corporate tax |
| Corporation - S corp | One or more people, but no more than 100, and all must be U.S. citizens | Owners are not personally liable | Personal tax |
| Corporation - B corp | One or more people | Owners are not personally liable | Corporate tax |
| Corporation - Nonprofit | One or more people | Owners are not personally liable | Tax-exempt, but corporate profits can't be distributed |

For more information with the Small Business Administration: [Choose a business structure](https://www.sba.gov/choose-a-business-structure).