

<b>Entities</b>	<b>Sole Proprietorship</b>	<b>C Corporation</b>	<b>S Corporation</b>	<b>Limited Liability Company (LLC)</b>
<b>Formation Requirements, Costs</b>	None	Must file with state; state specific filing fee required.	Must file with state; state specific filing fee required	Must file with state, state specific filing fee required.
<b>Personal Liability</b>	Unlimited liability.	Shareholders are not typically held liable.	Shareholders are not typically held liable.	Members are not typically held liable, but you can't excuse personal incompetence.
<b>Administrative Requirements</b>	Relatively few requirements	Election of board of directors/ officers, annual meetings and annual report filing requirements.	Election of board of directors/ officers, annual meetings and annual report filing requirements.	Relatively few requirements. Members are given percentages of the LLC for management and control.
<b>Management</b>	Full control.	Shareholders elect directors who manage business activities.	Shareholders elect directors who manage business activities.	Members can set up structure as they choose.
<b>Term</b>	Terminated when proprietor ceases doing business or upon death.	Perpetual (i.e. can extend past death or withdrawal of shareholders.)	Perpetual (i.e. can extend past death or withdrawal of shareholders.)	Perpetual, unless state requires fixed amount of time.
<b>Taxation</b>	Entity not taxable. Sole proprietor pays taxes.	Taxed at corporate rate and possible double taxation (i.e. dividends are taxed at the individual level if distributed to shareholders.)	No tax at the entity level. Income passed through to shareholders.	No tax at the entity level. Income passed through to members.
<b>Double Taxation</b>	No	Yes, taxed at corporate level and then again if distributed to shareholders in the form of dividends.	No	No
<b>Self Employment Tax</b>	Subject to self employment tax.	Salary subject to self employment tax.	Salary subject to self-employment taxes, but shareholder distributions are not subject to employment tax.	Salary subject to self employment tax.
<b>Pass Through Tax Treatment</b>	Yes	No	Yes	Yes
<b>Tax Forms</b>	1040	IRS Form 1120	IRS Form 1120S; Shareholders get K-1 for personal tax returns.	Sole member: sole proprietor IRS Form 1040 - Schedule C Partnership: IRS Form 1065, Members get K-1 for personal taxes.
<b>Transferability of Interests</b>	No	Shares of stock are easily transferred.	Yes, but must observe IRS regulations on who can own stock.	Possibly, depending on restrictions outlines in the operating agreement.
<b>Capital Raising</b>	Individual provides capital.	Shares of stock are sold to raise capital (securities laws apply).	Shares of stock are sold to raise capital. Limitations prevent S-Corp stock ownership by corporations.	May sell interests, but subject to operating agreement (securities laws may also apply).
<b>Ease of Operation</b>	Easiest	Must have annual meetings, Board of Directors meetings, corporate minutes, and stockholder meetings.	Must have annual meetings, Board of Directors meetings, corporate minutes, and stockholder meetings.	Easy, some states may require more. Nothing special in Oklahoma.

*For many small business owners choosing a C corp, S Corp, or Limited Liability Company (LLC) is the first step in incorporating. If you feel like you may need tax or legal advice it's recommended that you contact an attorney or CPA.*