

Business Entities

Characteristics		C Corp Form 1120	S Corp Form 1120S	LLC*	General Partnership Form 1065	Sole Proprietor Form 1040, Sch. C
1	Owners have limited liability for business debts and obligations	✓	✓	✓		
2	Created by state-level registrations that usually protects the company name	✓	✓	✓		
3	Business duration can be perpetual	✓	✓	✓		
4	May have an unlimited number of owners	✓		✓	✓	
5	Owners must be U.S. citizens or residents		✓			
6	May be owned by another business, rather than individuals	✓		✓	✓	
7	May issue shares of stock to attract investors	✓	✓			
8	Owners can report business profits and losses on their personal tax return (Form 1040)		✓	✓	✓	✓
9	Permitted to distribute profits via special allocations under certain guidelines	✓		✓	✓	
10	Not required to hold annual meetings or record meeting minutes			✓	✓	✓
11	Owners must pay themselves a reasonable wage or 'officer salary'	✓	✓			
12	Owners do not need to pay themselves a reasonable wage or 'officer salary'			✓	✓	✓

*While LLCs may be taxed as any of the other four entities.