

## General Business Structure Chart

Not all entity types could be represented within this chart. Consult your attorney for specific entity structures.

	<b>Corporation (C or S*) (Benefit)</b>	<b>Limited Liability Com- pany (LLC)(L3C)</b>	<b>General Partnership</b>	<b>Sole Proprietor</b>	<b>Non-Profit</b>
<b>Who are the owners?</b>	1+ Shareholders (owners)	1+ members (owners)	2+ partners (owners)	1 owner	No owners, governed by Board of Directors (minimum of 3 directors)
<b>What are the governing documents?</b>	Bylaws	Operating Agreement	Partnership Agreement	Business plan recommended	Bylaws
<b>How is the business financed?</b>	Sale of stock, retained profits	LLC member investments, retained profits	Partner investments, retained profits	Proprietor's investment; retained profits	Grants, individual contributions/donations, fees for services
<b>Who is liable?</b>	Shareholders have limited liability for debts of corporation	Members (owners) have limited liability for debts of the LLC	Unlimited personal liability for debts of the business including your partners' actions	Unlimited personal liability for debts of the business and yourself	Directors/Employees are not personally liable for debts of the business
<b>Who receives profits?</b>	C-Corp: Subject to distributions to Shareholders. S-Corp: Shareholders in proportion to investment	LLC members in proportion to investment, or by agreement	Partners in proportion to investment, or by agreement	Proprietor	Retained within the organization in furtherance of non profit purposes
<b>What are the entity tax obligations in RI?</b>	C-Corp pays taxes on income, corporations are subject to the minimum corporate franchise tax of \$500/year regardless of profit or loss, shareholders pay taxes on dividends	Choose to be taxed as a partnership/sole proprietor - disregarded entity or a corporation for income, LLC's are subject to the minimum corporate tax of \$500/year regardless of profit or loss	Each partner reports and pays share of taxes on personal tax return	Owner reports and pays taxes on personal tax return	Tax exempt status granted after application to the US Internal Revenue Service.
<b>Who pays income taxes on profit?</b>	C-Corp pays profits, shareholders pay individual capital gains rates on dividends; S Corp. stockholders pay individual rate on profit share and capital	LLC members pay individual rate, or can elect to be taxed as a corporation	Partners pay individual rate	Proprietor pays individual rate	After application and receipt of non-profit status from the IRS, tax exempt.
<b>What are the Department of State entity filing obligations in RI?</b>	Complete an initial application for Articles of Incorporation, a filing fee of \$230; one year after the initial filing you will need to submit an annual report yearly for \$50 per year.	Complete an initial application for Articles of Organization, a filing fee of \$150; one year after the initial filing you will need to submit an annual report yearly for \$50 per year	No registration necessary	No registration necessary	Complete an initial application for Articles of Incorporation, a filing fee of \$35; one year after the initial filing you will need to submit an annual report yearly for \$20 per year

\* S-Corps required to file S-Election with the Internal Revenue Service

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