

# KRISHNAN COMPANY

— CERTIFIED PUBLIC ACCOUNTANT —

	C Corporation	S Corporation	Limited Liab. Company (LLC)	Limited Liab. Partnership (LLP)	Sole Proprietorship
<b>Limitation of liability and Perpetuity</b>					
Limited Liability	Y	Y	Y	Y <sup>1</sup>	N
Perpetual life	Y	Y	Y	N	N
Basic steps to formation <sup>2</sup>	Name reservation, incorporation, creation of Articles and by-laws, appointment of directors	Form a regular corporation or LLC and then make sub-chapter S election	Name reservation, incorporation, creation of Articles or organization and operating agreement	Requires oral or written partnership agreement, consult a professional	None
<b>Ownership and classes of stock</b>					
Max. number of shareholders	Unlimited	100	Unlimited members	Unlimited	Single owner
Eligibility	No limitation	US citizens and US permanent residents (natural persons only; most corporations disallowed)	No limitation (except if setup as an S-Corp)	No limitation	Physical persons
Minimum ownership	1	1	1 in many states (more than one advisable)	Two or more	1
Ownership by other corporate entities	Y	N	Y	Y	nmf
Classes of stock	Multiple	Single	Single	nmf	nmf
Required annual meetings	Y	Y	N	N	N
<b>Taxation</b>					
Flow through entity	N	Y	Y <sup>3</sup>	Y	nmf
Double Taxation	Y	N	Y <sup>4</sup>	N	N
Tax Flexibility	Low	Medium-High	Highest	Medium	Medium
Federal Tax Form(s)	1120	1120S	1040, 1120, 1120S or 1065 <sup>3</sup>	1065	1040 (Schd. C)

nmf = not meaningful

<sup>1</sup> Liability is unlimited in the case of general partnerships

<sup>2</sup> Consult a professional for complete procedure – for guidance only; other operating permits, licenses and identification numbers may be required irrespective of corporate structure

<sup>3</sup> If the LLC is treated either as a Sole proprietor, Partnership or S corporation

<sup>4</sup> If the LLC is treated as a C corporation



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