

	C Corporation	Sole Proprietorship	General Partnership	Limited Partnership	S Corporation	Limited Liability Company	Limited Liability Partnership
Separate or Pass-Through Entity?	Separate	Pass-Through	Pass-Through	Pass-Through	Pass-Through	Dependent upon how LLC elects to be taxed.	Pass-Through
Formation requirements*	Most states require business to file Articles of Incorporation, create bylaws, and form a Board of Directors.	Generally, no state filing is required. May be required to file for city tax or sales licenses.	Varies from state to state. In Colorado, no official fees or filings are required. Though not required, a Partnership Agreement should be created.	Most states require business to file a Certificate of Limited Partnership and/or Limited Partnership Agreement.	Most states require business to file Articles of Incorporation, create bylaws, and form a Board of Directors.	Varies from state to state. Articles of Organization are required for formation in Colorado.	Varies from state to state. A Statement of Registration is required for formation in Colorado.
Maintenance requirements*	Most states require filing of annual meeting minutes and paperwork to remain in good standing.	Generally, no annual state filings or fees are required. May be required to renew city licenses annually.	Varies from state to state. No annual maintenance fees or filings are required in Colorado.	Varies from state to state. Annual maintenance fee and filing is required in Colorado.	Most states require filing of annual meeting minutes and paperwork to remain in good standing.	Varies from state to state. Annual maintenance fee and filing is required in Colorado.	Varies from state to state. Annual maintenance fee and filing is required in Colorado.
Number of owners	May have an unlimited number of owners.	One	At least two general partners.	At least one general partner and one limited partner.	May have a maximum of 100 shareholders, who must be U.S. citizens or residents.	Varies from state to state, but most allow single member LLCs.	At least two partners.
Does business structure offer any liability protection?	Yes; Owners are not held personally liable for debts or claims against the business.	No; Owner is personally liable for all debts and claims against the business.	No; General partners may be held personally liable for acts of the partnership and the other partners.	Yes and No; General partners may be held personally liable for acts of the partnership and the other partners. Limited partners may not be held personally liable.	Yes; Owners are not held personally liable for debts or claims against the business.	Yes; Owners are not held personally liable for debts or claims against the business.	Yes; Generally, all partners of an LLP are protected from the acts of the partnership and the other partners.
What tax form does the business file?	Form 1120	Form 1040: Schedule C	Form 1065	Form 1065	Form 1120S	Dependent upon how LLC elects to be taxed.	Form 1065
How does business report owners compensation?	Wages reported on W-2; Dividends reported on Form 1099-DIV	Form 1040: Schedule C	Schedule K-1	Schedule K-1	W-2 and Schedule K-1	Dependent upon how LLC elects to be taxed.	Schedule K-1
How is the owner's compensation taxed?	W-2 income and ordinary income	Self-employment income	Self-employment income	Self-employment income	Self-employment or W-2 income and ordinary income	Dependent upon how LLC elects to be taxed.	Self-employment income
Qualified Business Income (QBI) deduction available to owners?	No	Yes	Yes	Yes	Yes	Dependent upon how LLC elects to be taxed.	Yes
Subject to double taxation?	Yes	No	No	No	No	Only if LLC elects to be taxed as a C corporation.	No

*Business formation and maintenance requirements vary from state to state.

This document is for informational purposes only and does not constitute legal or tax advice. Weatherstone Capital Management does not provide legal and tax advice so we encourage you to consult with an attorney and CPA to ensure your unique needs are considered, and that you have appropriate documentation consistent with your state of residence requirements.