

American Society of Women Accountants

Comparison of Business Entities

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DEAN L. SURKIN, ESQ.

Control of Entities

Partnership
General partner GP GP GP

Limited Partnership
General partner Limited partner LP LP

- General Partnership
 - * “Control” exercised by all General Partners in accordance with partnership agreement
- Limited Partnership
 - * Control exercised by General Partner(s)

Control of Entities

Corporation
Shareholders
Directors
Officers

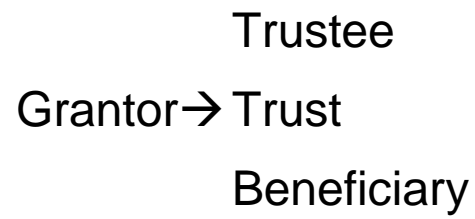
- Authority over business decisions delegated to directors
- Day to day responsibilities delegated to officers
- Ultimate “control” rests with majority of voting shareholders

* Control of Entities

Limited Liability Company
Members
Managers
Officers

- Authority over business decisions delegated to managers (if any)
- Day to day responsibilities delegated to officers (if any)
- Ultimate “control” rests with majority of members pursuant to membership agreement

Control of Entities



- Control is by trustee under terms of trust agreement

Comparison of Entities

<i>Types</i>	<i>Formation</i>	<i>Liability</i>	<i>Management</i>	<i>Transferability</i>
Partnership	Agreement	All partners liable	All partners	Partnership terminates on transfer
Limited Partnership	Agreement plus filing	GP liable; LP only liable for investment	General partners	Partnership terminates on transfer
Limited Liability Company	Agreement plus filing	no liability for members	Managers	Partnership terminates on transfer
Limited Liability Partnership	Agreement plus filing	members no liable for malpractice of person he/she doesn't supervise	Managers	Partnership terminates on transfer
C corporation	filing certificate; issuing stock	no shareholder liable (except for own malpractice)	Directors/officers	Stock may be sold (unless agreement says otherwise)
S corporation	filing certificate; issuing stock; making election	no shareholder liable (except for own malpractice)	Directors/officers	Stock may be sold (unless agreement says otherwise)
Trust	trust instrument	No beneficiary liable	Trustee	No transferability

Comparison of Entities

<i>Types</i>	<i>Duration</i>	<i>Taxability</i>	<i>Distributions</i>	<i>Fringe benefits to owners</i>	<i>Employment taxes to owners</i>
Partnership	Terminates at death, bankruptcy or retirement	No tax	No tax	Not deductible	No
Limited Partnership	Terminates at death, bankruptcy or retirement	No tax	No tax	Not deductible	No
Limited Liability Company	Terminates at death, bankruptcy or retirement	No tax	No tax	Not deductible	No
Limited Liability Partnership	Terminates at death, bankruptcy or retirement	No tax	No tax	Not deductible	No
C corporation	No fixed duration	35% for personal services corporation	dividends separately taxed to shareholder	Deductible	Yes
S corporation	No fixed duration	No tax	No tax	Deductible, but treated as additional salary	Yes
Trust	Trust instrument	Tax on retained income	Beneficiary taxed on income distributed	Not applicable	Not applicable