

Business Entity Comparison Chart



H&R BLOCK
tax & business services

	S Corporation	C Corporation	LLCs	DBA
Recommended For	Owners wanting the liability protection of a corporation, with the simplicity of pass-through taxation of income	Owners needing maximum tax and ownership flexibility, combined with liability protection	Owners wanting the simplicity of pass-through income taxation and the liability protection of a corporation with less formalities	Owners wanting to legally do business as a particular name without having to create an entirely new or amend an existing business entity
Ownership	<ul style="list-style-type: none"> Shareholders 	<ul style="list-style-type: none"> Shareholders 	<ul style="list-style-type: none"> Members 	<ul style="list-style-type: none"> Owners
Personal Liability	<ul style="list-style-type: none"> Shareholders typically not liable for corporate debts 	<ul style="list-style-type: none"> Shareholders typically not liable for corporate debts 	<ul style="list-style-type: none"> Members typically not liable for debts of LLC 	<ul style="list-style-type: none"> Owners are personally liable for all debts of the business
Formalities & Record Keeping Requirements	<ul style="list-style-type: none"> Formal board and shareholder meetings and minutes Annual state reports 	<ul style="list-style-type: none"> Formal board and shareholder meetings and minutes Annual state reports 	<ul style="list-style-type: none"> Annual state reports 	<ul style="list-style-type: none"> Must renew your application and publish (if required) every 4-5 years depending on state
Taxation	<ul style="list-style-type: none"> No tax at entity level Income/loss passed through to shareholders 	<ul style="list-style-type: none"> Taxed at entity level Taxed at individual level (If dividends distributed to shareholders, dividend income taxed at individual level) 	<ul style="list-style-type: none"> By default, no tax at the entity level if properly structured Income/loss is passed through to members (as in a partnership or sole proprietorship) 	<ul style="list-style-type: none"> No tax at entity level Income/loss passed through to shareholders
Tax Reporting	<ul style="list-style-type: none"> Income on Form 1120S Salaries on Form W-2 Profit distribution on Schedule K-1 	<ul style="list-style-type: none"> Income on Form 1120 Salaries on Form W-2 Profit distribution on Form 1099-DIV 	<ul style="list-style-type: none"> Income on Form 1040, Schedule C OR Form 1065 & Schedule K-1 for profit distributions May also opt to be taxed as C or S corporation 	<ul style="list-style-type: none"> Schedule C If Partnership Schedule K-1
Management & Operation	<ul style="list-style-type: none"> Managed by directors, elected by shareholders Day-to-day operations run by officers appointed by directors 	<ul style="list-style-type: none"> Managed by directors, elected by shareholders Day-to-day operations run by officers appointed by directors 	<ul style="list-style-type: none"> Flexibility similar to a partnership An operating agreement typically outlines management duties Optional board of managers 	<ul style="list-style-type: none"> Managed by owners
Formation Requirements	<ul style="list-style-type: none"> State filing Subchapter S election typically required within 60 days of formation. To select, simply check one-question option on LegalZoom's questionnaire 	<ul style="list-style-type: none"> State filing 	<ul style="list-style-type: none"> State filing 	<ul style="list-style-type: none"> State filing State or county DBA filing required generally before using your DBA, and in some cases within 30-40 days of your first business transaction Some states require a published notice in local newspaper along with proof of fulfillment