

Business Structure

Sole Proprietor – An individual engaging in a business.

No federal or state filings are required but proprietor may decide to make a fictitious name filing

Not a separate legal entity

Capital is limited to owner's funds

Simplest business structure

General Partnership – Has 2 or more partners.

Treated as a pass-through entity for tax

Written articles are not required

Cannot be a not-for-profit

General Partner – Manages the partnership and has unlimited personal liability.

Can be a general partner and limited partner at the same time

Limited Partnership – Must have at least 1 general partner.

Death of a limited partner does not cause dissolution of partnership

Limited Partner – Partner in a partnership whose liability is limited to the extent of his/her share of ownership.

If a limited partner acts like a general partner and a 3rd party does not know the partner is a limited partner, the limited partner has unlimited liability relative to dealings with that 3rd party

Can act as an agent of a partnership or vote on removal of a general partner without losing limited liability