

## Tax Implications of Business Legal Structures

Business Entity Type	Taxation	Tax Forms	Business Separate from Owners
Sole Proprietorship	Not a taxable entity.	Schedule C and a Standard Form 1040.	No
Partnership	Not a taxable entity. Pass-through income taxation for all partners.	Form 1065, Return of Partnership Income (info only) and Form 1040, Individual Income Tax Return	No
Limited Partnership (LP)	Pass-through income taxation for all partners.	N/A	N/A
Limited Liability Partnership (LLP)	Pass-through income taxation for all partners.	N/A	N/A
Limited Liability Corporation (LLC)	Pass-through income taxation.	Form 1065, Return of Partnership Income (info only) and Form 1040, Individual Income Tax Return	Yes
Corporation	Double taxation	Form 1120 or 1120-A: Corporation Income Tax Return.	
S Corporation	Pass-through income taxation	Form 1120S, Income Tax Return for S Corporation (info only) and Form 1040, Individual Income Tax Return	Yes
C Corporation	A separate legal entity. Subject to double taxation.	Form 1120, Corporation Income Tax Return. Dividend income reported on Form 1040, Individual Income Tax Return. An accountant is recommended as these forms can be difficult.	Yes