Legal Structures

ENTR 200

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**Sole Proprietorship**: Owned and operated by a single individual. The owner has full control and is personally liable for business debts. An example would be a freelance graphic designer or photographer working independently.

**General Partnership**: Owned by two or more individuals who share management responsibilities and profits, with each partner being personally liable for business debts. An example is a law firm or accounting firm with multiple partners practicing together

**C Corporation**: A separate legal entity from its owners (shareholders). Owners have limited liability, and the corporation pays taxes on its profits. An example is the Coca-Cola Company, a multinational beverage corporation.

**S Corporation**: Similar to a C Corporation but with certain tax advantages, such as pass-through taxation where profits and losses are passed directly to shareholders. Example, a small tech startup with a limited number of shareholders.

**Limited Liability Company (LLC)**: Combines the limited liability of a corporation with the flexibility and tax benefits of a partnership. Owners are called members. An example would be an online retail store owned by a group of entrepreneurs.

**Limited Partnership**: Includes both general partners (who manage the business and are personally liable) and limited partners (who contribute capital but have limited liability). One example would be a real estate development project where one partner is actively managing the project (general partner) and others are investors (limited partners).

**Benefit Corporation**: A type of corporation that considers social and environmental impacts in addition to financial goals. It has a legal obligation to balance these interests. One such B corporation would bePatagonia, an outdoorclothing and gear company known for its environmental initiatives.

The choice of legal structure depends on various factors such as liability protection, tax implications, management preferences, and long-term business goals. For instance, a small consulting firm might opt for an LLC due to its simplicity and liability protection, while a rapidly growing tech startup might choose a C Corporation for easier access to funding and scalability.