

Business Entity Comparison Chart

	Sole Proprietorship	LLC (default)	LLC taxed as S-Corp	C-Corporation
Personal liability protection	None - you and the business are legally the same	Yes - business debts stay with the business	Yes - same LLC protection	Yes - strongest separation
How profits are taxed	On your personal return (Schedule C)	On your personal return (pass-through)	Salary to you + remaining profit passes through	Corporate return; dividends taxed again to you
Self-employment tax	All profit (15.3%)	All profit (15.3%)	Only your salary - remaining profit is exempt	None - you're a W-2 employee of the corporation
Separate business tax return	No	No (single-member)	Yes - Form 1120-S, due March 15	Yes - Form 1120, due April 15
Paperwork and upkeep	Minimal	State filing + annual report	Payroll required, annual report, more records	Most: bylaws, minutes, payroll, annual report
Usually fits	Testing the waters, little revenue	Steady income, working on others' property	Established profit - worth a planning conversation	Outside investors or specific tax situations