The Basics of Forming a Start-Up Business

Inc.

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You and your colleague have decided to set up a business together. You could operate as a partnership, but you know that in this uncertain and litigious society you need to find a way to limit your liability to the outside world. You have two realistic choices: you can either form a corporation or a limited liability company.

We offer a preliminary guide to the issues you should consider when forming a closely-held corporation or limited liability company, and how to choose between the two. We caution that this is a general discussion and the owners must tailor the entity, and the governing documents, to their own needs and circumstances.

Introduction.

A closely-held corporation can be any corporation that does not issue publicly traded shares, but the term is more commonly applied to corporations with a limited number of shareholders, none of whom are institutions. Many states have specific statutes that apply only to closely-held corporations.

A limited liability company is an unincorporated entity made up of one or more members who are not generally liable for the debts and obligations of the company. Instead of shares, the members own membership interests.

Both a corporation and a limited liability company provide the owners with a limitation on liability for claims against the entity. The major exception is the instance in which the owner actively participates in the actions which cause harm to someone, in which case the owner may be sued as an active "tortfeasor" along with the entity.

The main difference between the two types of entities is the manner in which income is taxed. Owners of a limited liability company may decide to be taxed as a partnership, providing substantial tax advantages over a corporation, even one that elects to be taxed under Subchapter S of the Internal Revenue Code.

We do not intend this article to be all-inclusive. For example, we do not address tax issues in depth. The formation of a business entity has serious legal and financial consequences, and you should always seek the advice of competent legal and financial counsel before you proceed to organize the entity.

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Considerations in forming the entity.

State of organization.

You must first select the state in which the entity will be organized. You can organize in any state you choose. There is no requirement that you organize in the state where the business will be conducted, nor must you conduct business in the state of organization, although the entity must have a registered agent in the state of organization. On the other hand, an organization must qualify as a foreign entity in each state (other than its state of formation) in which it conducts business. What constitutes the conduct of business varies from state to state, but it is wise to qualify to do business in any state where the entity will carry on substantial activities. For one thing, most states require that an entity that is doing business in the state must qualify in that state to bring a lawsuit in its courts.

If the business has only one office, it will be simpler to organize in the state where the office is located. You will avoid the need to qualify, file tax returns, pay franchise fees and hire an agent in another state. Even the most basic companies will generally save at least $1,000 annually.

Organizers often consider Delaware as a preferred state for incorporation. This is due to the well-established body of corporate law that has developed there, along with courts familiar with corporate issues, and to a generally favorable attitude toward management. This latter factor is not an issue in a closely-held corporation where the shareholders are also the managers of the business. While the issue of knowledgeable courts can be a factor, Delaware holds no special importance for limited liability companies.

Selection of a name for the entity.

Many factors go into selecting the business name. The first issue is the availability of the name. If the desired name conflicts with another name on file with the Secretary of State's office, it will be rejected. Some states are more lenient than others in permitting similar names. The slightest of variations may be sufficient to avoid a rejection. And adding a qualifier, such as "of Chicago" for an Illinois entity similar in name to another entity in that state, may get the name registered. A business can clear a name in advance, and in most states the business is permitted to reserve a name for a period of time, usually a few months.

Most states require a corporation to use a word such as "corporation," "incorporated" or "limited" to reflect its corporate status. (Note that Delaware, for one, does not.) Similarly, the appendage "limited liability company" or the abbreviation "LLC" must appear in the name of such an entity. States often prohibit use of certain words, mainly to avoid misleading the public as to the entity's purpose. Words such as "doctor" or "insurance" or "bank" and their equivalents are examples of words that are often prohibited by law, as well as words that suggest a state division or charitable purpose, unless the business is engaged in such pursuits (which will require special approvals). To find out what words are prohibited in the state of organization, you must review that state's statutes.

Trademark and other protection for the business name.

The Secretary of State's acceptance of a name for filing signifies only that the name does not conflict with another name on file in that state and that the entity can block others from using the identical corporate or limited liability name in that state. The name may still violate someone else's trademark rights, and the filing does not give the business any rights to use that name in trade or in other states. In other words, obtaining a corporate or LLC name gives limited protection, and is separate and apart from trademark rights. Other means must be used to determine if others have trademark rights in the name or if the business can prevent others from using the same or a similar name in trade.

Using an assumed name.

If the business uses a name in commerce other than the formal name under which it was formed, then most states will require it to file a certificate reflecting that assumed name. The assumed name may not include "corporation" or words of similar import. The assumed name may be entirely different from the formal name or merely a shortened version of that name. For example, if the Acme Widget and Tool Company, Ltd. conducts business as the Acme Widget Company, many states will require that it file an assumed name certificate to alert the public that it is conducting business in a name other than its formal corporate name.

Stating the purposes.

Corporations may be formed for any lawful purposes. The certificate of incorporation should actually state that it is being formed for any lawful purpose. If you form a corporation for certain special purposes (such as educational, charitable, etc.), you will require approvals of the appropriate state agency and/or the courts. If the certificate sets out a limited purpose without catch-all language, then the corporation may only act in furtherance of that stated purpose. It is almost always advisable to include a broad catch-all purposes clause.

Similarly, limited liability companies may be formed for any lawful purposes, and the certificate should merely set forth the purposes in broad language.

Capital structure.

Corporations.

The units of ownership of corporations are called shares of stock, and ownership is evidenced by certificates. The articles of organization (often called the certificate of incorporation or corporate charter) must state the number of shares the corporation will be authorized to issue. The corporation does not have to issue all the shares that are authorized, and it is wise not to issue all shares, saving shares for additional investors. For a corporation with only a few shareholders you need to authorize only a few shares, particularly as the articles can always be amended to add shares later on. Many states base their incorporation and annual franchise fees on the amount of authorized capital (being the product of the number of authorized shares times par value), so you should avoid the temptation to authorize large numbers of shares.

You may want to authorize a greater number of shares if the corporation contemplates adding additional investors, issuing stock to employees or issuing stock options.

The corporation must give the shares a "stated" value which is either a fixed par value or "no par" value. This is not a major consideration; it is primarily for accounting purposes. As previously noted, states will calculate filing fees based on the product of authorized shares and par value, so it is best to keep par value low. A lower par value allows more shares to be authorized for the minimum filing fee. "No par value" shares are assigned a modest value under the state statutes for purposes of calculating filing fees.

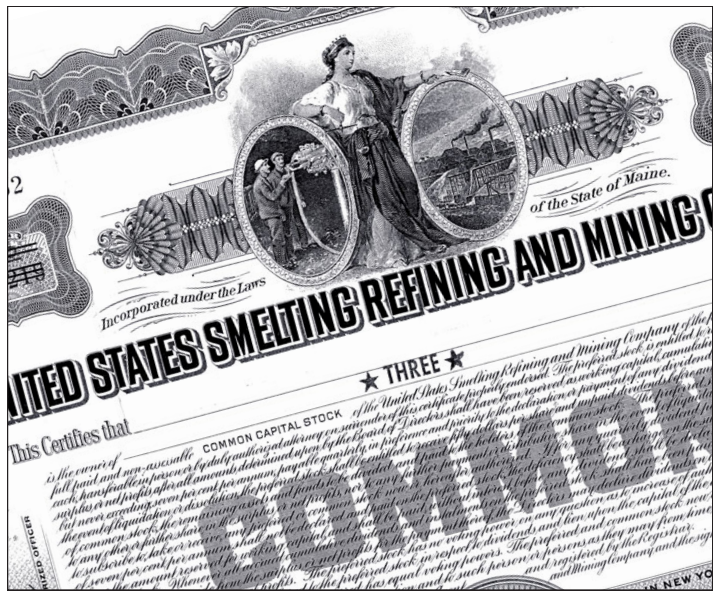
The corporation can create different classes of shares, although this is not common in closely-held corporations. The corporation may want to create special classes, for example, if certain shareholders are to be given special voting rights or preferential treatment for payment of dividends or upon liquidation.

Corporations may file an election under Subchapter S of the Internal Revenue Code, and thus become a pass-through entity so that taxes are generally avoided at the corporation level, and passed through to the shareholders. But S corporations are subject to numerous restrictions, one of which is that they may not have different classes of stock (although different voting privileges can be provided), which would exclude preferred stock.

If the corporation creates different classes of stock, each member within the class must be treated equally. This is a basic principle of corporate law and bears emphasizing: each shareholder holding the same class of shares must be afforded the same rights as all others in that class. For example, each shareholder in the same class must be afforded a pro rata share of dividends and equal voting rights.

Limited Liability Companies.

Limited liability companies are structured differently. The basic structural units are membership interests. These are most often expressed as a percentage, usually corresponding to each member's percentage interest in the profits and losses of the entity. Evidence of this interest is often nothing more than a statement in the operating agreement or a schedule of interests attached to the operating agreement. The company can be structured to appear more like a corporation, issuing ownership units that resemble shares of stock, and authorizing a fixed number of total units. This latter structure can be useful when employee options are contemplated as they are more easily described in the unit form rather than the percentage interest form (note that certain types of stock options cannot be used in limited liability companies). Different classes of memberships can be created, most commonly to create a class of non-voting members.



Financing.

Debt versus equity.

Debt is a loan to the business. The business borrows money, repays the debt to the lender under the terms of the loan agreement, and in a liquidation the debt is paid off before the equity-holders receive anything. A debtholder does not share in the upside potential of the business.

Equity is an investment in the business that entitles the investor to an ownership interest in the business. An equity owner is entitled to dividends, if declared by the directors of the corporation, but the corporation may pay dividends only out of — and to the extent there is — surplus. An equity owner shares in the upside potential of the business, but can lose the equity investment if the business folds up.

When the founders of the business contribute money, they are given considerable leeway in allocating their initial contributions between debt and equity, that is, between loans to the business and purchase price for shares. These allocations do raise serious legal and accounting issues, however, and it is strongly recommended that you seek professional advice.

Because financing arrangements are usually a matter of agreement between the lender and the business, debt and equity can be combined, and they often are in very creative ways. The most common combination is convertible debt, which is a loan that can be converted to equity under circumstances specified in the documents. Preferred stock also has some of the characteristics of a loan, particularly if it is entitled to a preferred annual dividend in a fixed amount, but being equity, preferred stock also shares in the business' upside potential.

All small business owners should be forewarned: when seeking institutional financing, the lender will demand personal guaranties of the major owners of the business. This is one advantage of taking in investments as equity rather than debt.

Limited liability companies similarly have the power and ability to borrow money and create debt in the form of loans. "Equity" in a limited liability company is the member's interest in the profits and losses of the company. Any contributions to capital by a member will be reflected in the contributor's capital account, which is treated the same, for accounting and tax purposes, as a capital account in a partnership.

Determining payment for equity interests.

All shareholders of a corporation must pay for their shares, either in cash, tangible or intangible property or in services rendered to the corporation. Some states, such as New York, at one time prohibited corporations from issuing shares in exchange for the promise of future services, but New York did away with that restriction as long as the value of the services is determined in advance. Restrictions on issuance of shares in exchange for a promise to pay for them (i.e., with promissory notes) have also been falling by the wayside. The directors or shareholders are given considerable leeway in determining what value to ascribe to each shareholder's contribution to capital (although cash is cash). This allows for flexibility in dividing up the corporation's shares, as the directors could ascribe a higher value to property of apparently limited value and the contributing party is then allocated a larger interest in the corporation.

Although it is beyond the scope of this article, note that tax problems can arise if the owners make their contributions to the corporation at different times. Suffice it to say that all of the owners should try to make their contributions to capital in exchange for original issue shares within a few weeks of each other, if at all possible.

Limited liability companies have as much, if not more, flexibility in determining the value of capital contributions and the interests of the company that will be awarded in exchange for membership interests, although here, too, the IRS insists on a reasonable relationship between the allocation of interests and economic reality.

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Basic tax considerations.

Corporations.

Closely-held corporations are taxed under Chapter C of the Internal Revenue Code, the same as any other corporation, unless the shareholders elect to be taxed under Subchapter S. Subchapter S corporations are generally taxed as "pass-through" entities, meaning that there is no tax imposed at the company level, but they are still not as tax-efficient as limited liability companies that have elected to be taxed as partnerships. And Subchapter S corporations still have several qualifying requirements, although they have been considerably loosened in recent years.

In closely-held corporations where the shareholders are active in the management of the corporation, the corporation will usually pay a significant portion of its income to the officer-shareholders as salary, after deducting what it needs to retain for operations. Payment of salary, being a deduction, results in the monies being taxed only once, to the recipient. In contrast, monies paid out to the shareholders as dividends are not a deduction to the corporation, so that dividends are taxed both to the corporation and to the shareholder, although dividends are now taxed at a favorable rate. The IRS scrutinizes these situations to make sure that any compensation to shareholder-employees is not excessive. Corporations also have the potential for double taxation on sale of the company, and these issues must be carefully scrutinized when a sale is under consideration.

Limited Liability Companies.

Limited liability companies can elect to be taxed as a corporation or a partnership. Most LLCs elect to be taxed as a partnership so that the LLC becomes a "pass-through" entity. All income earned by the company is passed through to the members for tax purposes and reported on the members' income tax return, whether cash is paid out or not. The income will in most cases be treated as ordinary income since it is treated the same in the hands of the member as it would be treated at the company level. In general, salaries are not paid to members because there is no tax benefit in doing so. However, the members may wish to recognize one member's working contribution to the company and divide up income other than in accordance with the percentage interests of each member.

For example, suppose the LLC has net income of $200,000 in 2004. There are two members, each with a 50% interest. If no money is paid in salaries, then each member will be deemed to have received $100,000. But if one member worked for the company and the other did not, the members can agree that the working member will be paid a salary, say $100,000. In that case, the working member receives his salary (termed a "guaranteed payment" in partnership tax law parlance) and will be deemed to receive one-half of the remainder, for a total of $150,000, and the other member receives (or is deemed to have received) the remaining $50,000.

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Governance.

Corporations.

1. Role of the shareholders.

The shareholders are the owners of the corporation. Their functions are to elect directors and to vote on major corporate changes: merger or consolidation of the company, liquidation, a change in capitalization and any other events that would fundamentally change the business or structure of the corporation. Shareholders do not have the right to manage the corporation, merely to elect directors and change directors when appropriate. In closely-held corporations, however, this distinction is often blurred, mainly because the shareholders and directors and officers are often the same group of people. That is not to say that the distinction is not important; control of the board of directors is crucial to the determination of the business direction of the corporation.

The corporation must give notice of meetings of shareholders, with the length of notice specified in the state statute and in the by-laws. In most states, shareholders may consent to action without a meeting if the consent is in writing, although many states require unanimous consent of the shareholders if no meeting is held.

2. Role of the directors.

The directors are responsible for the oversight of the corporation's management and affairs. Directors also elect the officers.

In some states, the corporation must have at least three directors unless there are less than three shareholders, in which case the number of directors may be as few as the number of shareholders. Other states require only one director. The by-laws can fix other requirements for directors, and often closely-held corporations will require directors to be shareholders.

The board may hold regular meetings without notice if the date and time is fixed; otherwise notice must be given, but usually only 48 hours' notice is required. Meetings may be held by telephonic conferencing. Directors may consent to actions without a meeting if the consent is in writing, although in most states written consent of the directors must be unanimous.

3. Role of the officers.

The officers are responsible for the day-to-day management of the corporation. In some states, the corporation must have at least two different people fill the offices (generally, a president and a secretary) in all events. Other states require two officers unless there is only one shareholder, in which case one person may hold all offices.

In a closely-held corporation, the shareholders will usually elect themselves as officers and run the corporation without regard to formalities. They use their official positions only in formal situations. The president is responsible for the management of the corporation, overseeing all operations; the treasurer or chief financial officer (CFO) is responsible for the financial affairs and reporting requirements of the corporation and the secretary is responsible for maintaining corporate records and issuance of notices. A corporation can have as many vice presidents, assistants and other officers as it so chooses. The corporation's by-laws should set forth the scope of the duties for each office.

Limited liability companies.

The limited liability company is less formal. The company is managed either by all of the members or by a select group of managing members. The organizing documents must indicate which form of management is to be used. If managed by managing members, then the other members are akin to limited partners without any control over day-to-day affairs. However, they will still have rights to vote on significant changes to the company and its existence.

The company must hold an annual meeting of members at which the managers are elected for the next year (unless the company is managed by all members). Typically, the members may act by written consent of a majority (or the number of votes required to carry a measure), followed by notice to the other non-signing members. Managers are not required to be members of the company unless the organizing documents so require. The managers are given the duties specified by the members or by the organizing documents, and thus act like officers of a corporation.

Formalities.

Corporations.

The first step you must take to form a corporation is to file the articles or certificate of incorporation with the Secretary of State, with the necessary filing fees. Each state prescribes the required contents of the certificate. Usually, the certificate must include the name, the authorized shares (and a description of any special rights of each class), the duration of the corporation (usually perpetual), the purposes of the corporation, the designation of an agent for service of process and the location where the Secretary of State sends service of process. Some states also require that the initial directors be named. The corporation can add other provisions to its certificate, such as special voting requirements and indemnification of officers and directors. The certificate may be signed by any adult individual, including the attorney for the corporation, in the capacity of incorporator.

Once you have filed the articles of organization and obtained the proof of filing, you must then prepare the organizing minutes. The usual course is to prepare a statement of the incorporator electing directors to serve until the first meeting of shareholders, allowing the corporation to operate. Next, the corporation will hold the first meeting of shareholders and directors. The shareholders and directors ratify the actions of the incorporator and approve the by-laws. The minutes of these meetings can be adopted either by written consent of all shareholders and directors or at a meeting of the shareholders and directors. The shareholders also elect the new directors and the directors, in turn, elect officers, ratify the issuance of stock and authorize the bank accounts.

The corporation must also prepare by-laws. These are the operating guidelines, setting forth the rules by which the corporation is to be governed. They should contain such provisions as rules for holding shareholder meetings (dates, location, notice, retention of shareholder lists and voting records), rules for directors meetings, number and qualification of directors, description of offices, retention of corporate records, and method for amending the by-laws. It is important that you conduct corporate business in conformity with the by-laws; any action taken by the corporation that does not conform is improper, although the shareholders and directors may ratify actions after the fact.

The secretary or attorney for the closely-held corporation should order a pre-packaged corporate kit, which will contain stock certificates and stock ledgers. The kit will also come with a corporate seal. Many states still require a corporate seal to solemnize documents, and the stock certificates should be sealed to validate the certificates.

Next, the secretary should prepare and issue the share certificates. If any restrictions are imposed on the shares under a shareholder agreement (see “Shareholder agreements” below), they must be typed on the share certificates themselves. The secretary must keep a record of all shares issued. This will avoid disputes later on, and in the event the corporation is sold or an outside investor buys a stake, that party will insist on an accurate list of all shareholders.

Limited Liability Companies.

The limited liability company is formed in the same manner, by filing articles of organization which will generally contain the same information as required for the corporate formation.

Formation of a limited liability company also requires an operating agreement. The operating agreement functions both as the by-laws and the shareholders’ agreement for the company. It serves as the company’s backbone, and sets out the agreements the members have reached concerning the operations of the company and restrictions on transfers of membership interests.

Topics that the operating agreement will cover are the issues of formation: name, term, purpose, members, office and registered agent; issues of management: who manages, member approvals, books and records, financial records, liability of managers and indemnity; capital contributions, capital accounts and ownership interests; allocation of profits and losses; distributions; mechanism for and restrictions on transfer of membership interests; liability of members and dissolution.

General requirements.

The corporation or limited liability company, no matter which form you decide to use, will need to take numerous additional steps to start up its business, but one that you should take right away is to order a tax-identification number from the IRS. For one thing, banks must have a tax-identification number to open accounts.

In addition to following the proper procedures for forming the entity, the owners must make sure that they follow proper procedures for maintaining it. These include filing tax returns and franchise reports in each state in which the entity conducts business, holding annual meetings of shareholders and directors (or members) and updating the minute books and other business records. Addressing these simple procedures every year will prevent headaches and much greater costs later on.

Shareholder agreements.

If you have elected the corporate form, following the above steps will enable you and your colleagues to form and organize the corporation. But that may be only the first step in setting up a working and long-lasting business arrangement. Whenever there is more than one owner, shareholders are well advised to prepare a shareholder agreement to address the management and affairs of the corporation. This will cover the non-structural issues contained in the operating agreements for limited liability companies.

A shareholder agreement is a contract among shareholders and, as such, can cover any corporate matter the shareholders choose. Being the owners of the corporation, the shareholders are agreeing how their shares should be voted and what restrictions should be placed on their shares. Most shareholder agreements address the following topics:

1. Corporate management.

The shareholders usually consent to the election of the shareholders, or their nominees, as directors and officers. Alternatively, the agreement sets forth the number of seats on the board allocated to each shareholder. In addition, the shareholder agreement can set out any corporate actions that will require supermajorities or unanimous consent of the shareholders.

2. Restriction on transfers of shares.

The shareholder agreement usually will provide rights of first refusal or first negotiation to enable the remaining shareholders to buy out shares of a departing shareholder and retain control over the corporation, or control who will join them as new shareholders.

It should also address the right to transfer shares to family members as this is often a point of contention. The shareholder agreement may provide whether the spouse or children of a shareholder will be allowed to take over the shares of a deceased shareholder, and whether a shareholder may transfer shares to family members for other reasons, such as estate planning.

The shareholders are well advised to consider what happens when one shareholder leaves the corporation, dies or becomes disabled, and what rights or obligations to buy back the shares will arise.

Finally, shareholders should consider whether there are circumstances under which they want to provide for "put" rights or demand-purchase rights which enable a shareholder to buy out other shareholders or to force the buyout of his or her shares.

3. Employment agreements for shareholders.

The shareholders should consider whether they wish to provide for employment of the shareholders as officers and employees of the corporation. This can be accomplished either under the shareholder agreement or by separate employment agreements. Most states permit employees to be terminated at will, and an employment agreement gives the employee an established term of employment. You can also provide for rights of the parties on termination. It may seem strange to allow for termination if the employees are shareholders, but employment agreements are particularly useful if one of the shareholders is contributing cash and financing and the other is contributing the services. You will also find employment agreements useful for establishing employee benefits and share options that may not be appropriate topics for a shareholder agreement.

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Buy-out valuation.

The most difficult decision facing the shareholders or members in buy-out situations is how to value the buy-back of shares or interests. There are any number of ways to value them, and each has its advantages and disadvantages. Often, buy-outs are funded with the purchase of key-person life insurance to cover purchases on death. Following are the most common valuation methods:

1. Book value.

The value of the assets on the books of the business is often a good measure of its worth, but may understate the value of service businesses or businesses whose assets are intangible and not properly valued on the books, and may overstate the value of businesses with fixed assets that have not been adequately depreciated.

2. Certificated value.

The shareholders or members agree on a value, and agree to revise the value each year. While this method is certainly fair, based on agreement of the parties, they often forget to revalue the shares, leaving them with an outdated valuation.

3. Shotgun buy-out.

There are various mechanisms whose underlying principle is to have one party name a price, and if the offeree thinks it is too high, then the offeree can turn around and choose to sell at that price.

4. Appraised value.

This method allows an outside expert to value the business. The drawbacks of this method are the cost and time it takes to reach a value. The parties will have to agree on a method for selecting an appraiser; they should also consider whether they will grant the right to challenge the appraised value.

5. Multiple of sales or earnings.

Businesses are often valued based on sales or earnings over a period of time, and this can be a fast and easy method to use. Concerns are the selection of a proper multiple and making sure that a long enough period is chosen to ensure that the parties have a proper financial picture of the business. You will probably not want to use this method in a start-up situation where the business has no earnings and little sales, but you could use it after a stated period of operation, perhaps three years.

6. Earn out.

Often used in combination with one of the above methods, the selling shareholder or member is paid on a percentage of the company's earnings after the sale for a specified time period. The major drawback of this method is that the seller no longer has control over operations which can lead to manipulation of earnings and distrust between the parties.

Conclusion.

For the small business owner, the choice between a corporation and a limited liability company will have little noticeable effect on your day-to-day activities. There are significant differences in structure, however, and the tax effects of the two types of entities will mean that the decision is an important one. While we urge you to obtain professional advice before making these choices, most small business owners nowadays are choosing the limited liability company for its tax advantages.

In either case, you must pay close attention to the formalities of establishing and operating the corporation or limited liability company. If you do, then you will be well on the way to avoiding problems in the event of audit by the IRS, in the event of disputes among shareholders or members, or in the event of a lawsuit in order to preserve the limited liability protections of the corporate or LLC form.

We have provided a general guide to the issues that can and do arise in the formation of corporations and limited liability companies, and you are well advised to seek counsel to make sure that the legal foundation of your business is secure.

Summary Table

	Corporation	Limited Liability Company
Limitations on Personal Liability	Yes, except if owner personally participated in tort.	Yes, except if owner personally participated in tort.
Taxation	Income taxed at corporate level. If S Corp. election made, in general, owners taxed on all income, whether cash is distributed or not.	Owners can elect to be taxed as a corporation or a partnership. If partnership elected • No tax at company level. • Owners taxed on all income, whether cash is distributed or not.
Name Selection	Restricted by state statute; need to review trademark issues separately.	Restricted by state statute; need to review trademark issues separately.
Entity Identifiers	Use "Corporation," "Incorporated," "Limited," "Corp.," Inc.," "Ltd.," or similar permissible identifier.	Use "Limited Liability Company" or "LLC."
Units of Ownership	Shares.	Membership interests.
Evidence of Ownership	Share certificates.	Provision in operating agreement or schedule attached to operating agreement.
Distributions to Owners	Treated as salary, dividends or return of capital.	Treated as a guaranteed payment or return of capital.
Governance	**Owners:** shareholders. **Overseers:** directors. **Administrators:** officers.	**Owners:** members. **Overseers and Administrators:** members or managers.
Governing Documents	Articles of organization and by-laws; shareholder agreement optional.	Articles of organization and operating agreement.
Contributions to Capital	Payment for stock; no separate capital account .	Payment for membership interests; each member has an allocated capital account.
Equity/Debt	Can allocate contributions between equity (ownership) and debt (loans).	Can allocate contributions between equity (ownership) and debt (loans).
Transferability	Can sell stock; possible limitations in shareholder agreement.	Approval of other members typically required to transfer interests.

This summary is highly simplified and should only be used for a general comparison. •

Corporation

Limited Liability Company

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