

Legal Entities

If you are going to own a business, you must decide what kind of legal entity you will be. A legal entity has the legal capacity to enter into agreements or contracts, assume obligations, incur and pay debts, sue and be sued in its own right, and be held responsible for its actions.

Legal Entities in Business

When starting a business, the term “legal entity” usually refers to the legal structure of the enterprise. There are typically six structures to choose from:

- The Sole Proprietorship
- The General partnership
- The Limited Partnership
- The C Corporation
- The S Corporation
- The Limited Liability Company

A chart comparing these six legal entities can be found at:<http://www.docstoc.com/docs/9862836/BUSINESS-ENTITY-COMPARISON-CHART-LEGAL-CHARACTERISTICS>

The SBDC offers a regular schedule of business workshops. The STARTUP workshop gives an overview of the basic requirements for business startup, including selecting a legal structure. An SBDC consultant can also give you one-on-one assistance in choosing a legal structure that works for you.