

Legal Business Structures Table

TYPE	OWNERSHIP	CONTROL	LIABILITY	TAXATION	ANNUAL FRANCHISE TAX
Sole Proprietorship	Individual	Controlled by Owner	Owner is personally liable for all business debts	All business income is considered personal income to the owner and is taxed at personal income tax rates	None
General Partnership 6 Del.C., §15-101	Two or more individuals or other entities according to partnership agreement	Controlled by the partners in accordance with partnership agreement	All partners are jointly and severally liable for all partnership debts	Individual partners' prorated share of partnership income or loss is included on the respective income tax return of the partner and taxed at personal or corporate rates	\$250.00 Payable to the Secretary of State 6 Del.C., §15-1208
Limited Partnership 6 Del.C., §17-101	Two or more owners; two classes of owners; general partners and limited partners	General partner(s) may dissolve at their discretion, limited partners do not have this option. General partners generally run business, as specified in partnership agreement	General partner(s) are fully liable for all business debts, limited partners only liable to extent of capital invested	Same as general partnership	\$250.00 Payable to Secretary of State 6 Del.C., §17-1109
"C" Corporation 8 Del.C.	Shareholders (Unlimited number)	Owners share ownership through stock, and business is managed through a Board of Directors; certain legal regulations also apply	Owner's liability is limited to amount of capital contributed unless acting as guarantor of corporate debt	Corporation pay tax on business income at corporate tax rate; profits distributed to shareholders and are taxed at personal income tax rate	8 Del.C. §391 Based on the number of authorized shares or assumed no-par capital payable to Secretary of State
Subchapter "S" Corporation 8 Del.C.	Shareholders	Same as "C" Corporation Above	Same as "C" Corporation above; generally limited to assets in corporation	Corporation not taxed; income is taxable to the shareholders at their personal income tax rate	8 Del.C. §391 Based on the number of authorized shares or assumed no-par capital payable to Secretary of State
Limited Liability Company 6 Del.C., §18-101	One or more members	Controlled by members or managers, as set out in operating agreement	Generally, same as "C" Corporation above	Taxed as partnership, corporation or may be disregarded depending on election made. See "Check the Box" regulations	\$250.00 Payable to Secretary of State 6 Del.C., §18-1107
Limited Liability Partnership 6 Del.C., §17-214	Two or more owners; limited partners	Controlled by partners in accordance with partnership agreement	Limited and General partners only liable to extent of capital invested	Same as general partnership	\$200.00 per partner not to exceed \$120,000.00 Payable to Secretary of State 6, Del.C. §15-1207