

# Pick Your Entity: Quick Guide

## Compare LLC, Sole Proprietor, S Corp, and C Corp

Category	Sole Proprietor	LLC	S Corp	C Corp
Liability Protection	None	Yes	Yes	Yes
Taxation	Pass-through	Pass-through or elect S Corp	Pass-through + Payroll setup	Double taxation (corporate + personal)
Pros	Easy to start, full control, low cost	Limited liability, flexible taxes, separates business and personal assets	Potential savings on self-employment taxes, legal protection	Ideal for raising capital, investors prefer it, perpetual existence
Cons	No liability protection, hard to scale, taxes on all profits	Annual fees, state filings, not ideal for VC funding	More IRS scrutiny, requires payroll and compliance, strict structure	Complex setup and maintenance, double taxation, formalities required
Formation Cost	Low (sometimes free)	Low to moderate depending on the state	Moderate (includes payroll setup)	High (includes legal and compliance costs)
Best For	Freelancers, hobbyists, one-person businesses	Small businesses, consultants, side hustlers	Growing service businesses with profit over \$50k	Startups, tech companies, businesses seeking investors

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