

CHOICE OF ILLINOIS BUSINESS ENTITIES

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	SOLE PROPRIETORSHIP	PARTNERSHIPS		LIMITED LIABILITY COMPANIES		CORPORATIONS	COOPERATIVES
		General Partnerships (GP)	Limited Partnerships (LP)	Limited Liability Companies	Series Limited Liability Companies		
Governing Law	N/A	Uniform Partnership Act, 805 ILCS 206	Uniform Limited Partnership Act, 805 ILCS 215	Illinois Limited Liability Company Act, 805 ILCS 180		Business Corporation Act of 1983, 805 ILCS 5	Illinois Co-Operative Act, 805 ILCS 310
Illinois Filing Requirement	None (unless using d/b/a, then Assumed Business Name Certificate)	None (unless using d/b/a, then Assumed Business Name Certificate)	File a Certificate of Limited Partnership with the Illinois Secretary of State	File Articles of Organization with the Illinois Secretary of State		File Articles of Incorporation with the Illinois Secretary of State	File Articles of Incorporation with the Illinois Secretary of State
Filing Fees	\$5 for Assumed Business Name Certificate	\$5 for Assumed Business Name Certificate	\$150 for Certificate of Limited Partnership	\$150 for Articles of Organization (plus \$100 if expedited)	\$400 for Articles of Organization (plus \$100 if expedited) \$50 for each subsidiary Certificate of Designation	\$150 for Articles of Incorporation (plus \$100 if expedited) \$50 for Not-for-profit LLC (plus \$25 if expedited) \$25 for filing to reserve a corporate name	\$100 for Articles of Incorporation
Internal Document	None	Partnership Agreement	Limited Partnership Agreement	Operating Agreement		Bylaws	Bylaws
Number of Owners	1 <i>owner</i>	2 or more <i>partners</i>	2 or more <i>partners</i> (at least 1 general partner and at least 1 limited partner)	1 or more <i>members</i>		1 or more <i>shareholders</i>	5 or more <i>owners</i>

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Liability	Unlimited liability	Unlimited personal liability; partners equally liable	<i>Limited liability</i> for the limited partner(s); <i>unlimited liability</i> for the general partner(s)	Liability shield for members		Liability shield for shareholders for C Corporation and S Corporation	Liability shield for members; there is liability protection between the entities
Property Interest/ Transfer of Property Interest	Owner has direct ownership interest in business assets	Partners own <i>partnership interest</i> in the partnership. Partners have an indirect interest in partnership assets.		Members own a <i>membership interest</i> in the LLC and have an indirect interest in the LLC's property.		Shareholders own <i>shares</i> of <i>stock</i> in the corporation and have an indirect interest in the corporation's assets. The corporation owns the business property.	Members own either <i>shares, stock or membership interest</i> in the cooperative.
Transfer of Property Interest	N/A	A <i>partnership agreement</i> may place restrictions upon the transfer of ownership units.		An <i>operating agreement</i> may place restrictions in the transfer in membership interest.		A <i>shareholder agreement</i> may place transfer restrictions upon shares.	The <i>cooperative's charter</i> may place transfer restrictions of shares, stock or membership interest.
Duration	Until the death of the owner	Unless otherwise specified in the <i>partnership agreement</i> , until the death, withdrawal or bankruptcy of a partner		Indefinitely, unless (1) the <i>Operating Agreement</i> states otherwise, (2) there is consent of all members, (3) 180 days have passed where there have not been any members, or (4) on application by a member or dissociated member upon entry of a judicial decree		Unless the Articles of Incorporation states otherwise, a corporation will have <i>perpetual</i> existence	Unless the Articles of Incorporation states otherwise, a cooperative will have <i>perpetual</i> existence
Management	Owner has full control	Equal management control among all partners, unless agreed otherwise	<i>General partners</i> only have decision-making authority for the limited partnership as set	LLCs are either <i>member-managed</i> or <i>manager managed</i> . An LLC may have more than 1 manager. Must be identified in the <i>Operating Agreement</i> .		Management by the Board of Directors (elected by the shareholders). Board elects	Management by the Board of Directors (elected by the members). Voting is democratic – one

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			forth in the partnership agreement . <i>Limited partners</i> cannot participate in day-to-day management decisions but can vote on limited decisions (e.g., adding a new partner)			officers (President, Vice-President, Secretary, Assistant Secretary & Treasurer).	member, one vote or proportional voting. There must be at least 5 Directors.
Earnings Distribution	Owner receives income directly from the business.	Partners receive distributions pursuant to <i>partnership agreement</i> and partnership interest (if no partnership agreement, share profits and losses equally).		Equal shares		Shareholders receive distributions based on Bylaws and <i>shareholder interest</i> .	Members receive distribution under the Cooperative's Charter on a basis of <i>patronage</i> .
Separate Bank Account	Not required; recommended	Not required; recommended	Should keep separate banking account for limited partnership	Must have separate banking account; no commingling of personal assets		Must have separate banking account; no commingling of personal assets	Must have separate banking account; no commingling of personal assets
Federal Employer Identification Number ("FEIN")	Not required; Likely needed to open up bank account in business name; recommended to keep social security off 1099s (independent contractors) or W-2s (employee) or other required tax documents.	FEIN is required at no cost. Can be applied for online at IRS.gov. Your lawyer, banker, or accountant may assist in getting a FEIN.					
Taxation	Owner receives all tax consequences. Owner subject to self-employment tax.	Schedule C or F is produced based on partnership interest. Owner subject to self-employment tax. Pass through to 1040 at partnership level		K1 Form must be completed. Can choose to be taxed as a C-Corp or S-Corp.		Types of Corporation Taxation (under Internal Revenue Code)	

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				<p>C-Corp: incur double taxation (corporate and shareholder levels).</p> <p>S-Corp: pass through taxes for shareholders. Under IRC 1361, Must have 75 or fewer shareholders who are natural persons and residents (limited exceptions) with 1 class of stock</p> <p>Pass through taxation applies</p>		<p>C-Corp: incur double taxation (corporate and shareholder levels).</p> <p>S-Corp: pass through taxes for shareholders. Under IRC 1361, Must have 75 or fewer shareholders who are natural persons and residents (limited exceptions) with 1 class of stock</p> <p>B-Corp: must be for a public benefit</p>	
Publication Requirement	If there is an assumed name (D/B/A), you must publish the name weekly for three consecutive weeks in the local paper designated by the County Clerk.						