Comparison of Ways to Do Business in Kentucky

Features	Proprietorship	Partnership	Limited Partnership	Limited Liability Co.	Corporation Subchapter S	Corporation Subchapter C	Cooperative
Limited Liability	no; all property subject to payment of loss	no; partners property subject to payment of loss	yes; limited partners generally; general partner's property subject to loss	yes	yes	yes	yes
Continuity of Life	no; business ends with death of owner	no; partnership ends with loss of partner	generally no	yes	yes	yes	yes
Number of Owners	1	2 or more	2 or more	1 or more	1 to 75	1 or more	5 or more
Types of Owners	any	any	any	any	U.S. citizens and certain U.S. trusts	any	user-members are the owners
Classes of ownership			multiple	multiple	one	multiple	multiple
Levels of Income Tax	owner; individual tax rate	partners; individual tax rate	partners; individual tax rate	member level only; pass through provisions	shareholder level only; pass through provisions	double tax; corporation and shareholders	user-members after patronage refund; pass through provisions
Sets Policies	owner	partners	partners	members through Board of Directors	Board of Directors elected by stockholders	Board of Directors elected by stockholders	Members through Board of Directors

Features	Proprietorship	Partnership	Limited Partnership	Limited Liability Co.	Corporation Subchapter S	Corporation Subchapter C	Cooperative
Who manages the business?	owner; someone selected by owners	partners; someone selected by partners	general partners or outside management hired; no limited partners allowed	Board of Directors elected by shareholders/ members; CEO	Board of Directors elected by stockholders; CEO	Board of Directors elected by stockholders; CEO	Board of Directors elected by members; hire outside management
Earnings on invested capital	unlimited	unlimited; divided among partners	unlimited; divided among partners= investment	unlimited; proportion to shares owned; patronage; or invested equity	unlimited; proportion to shares owned	unlimited; proportion to shares owned	limited by law; 8% in Kentucky
Voting control	N/A	partners	partners; mutual agreement	members or shareholders; mutual agreement	stockholders; one share, one vote	stockholders; one share, one vote	members; one member one vote
Incorporated	no	no	no	no; but must file articles of organization; KRS Chapter 275	yes; KRS Chapter 271B	yes; KRS Chapter 271B	yes; KRS Chapter 272