

Business Entity Chart

The following chart is current as of July 2017 and was prepared by Danielle M. Johnson, Esq.*, Brian L. Anderson, Esq.*, and Olivia A. Esser

* Attorneys licensed to practice law in Wisconsin and Minnesota

IMPORTANT NOTE: The information in this brochure is prepared for general informational purposes only and is not intended to constitute professional legal advice regarding your particular situation. Only an attorney can evaluate your situation and give you appropriate legal advice specific to your case. The information in this brochure is distributed "as is," with no guarantees regarding its accuracy, completeness and timeliness; therefore, neither the author nor DeWitt LLP assumes any responsibility for any error, omission, or inaccuracy. Do not rely on any of this information before confirming it.

Types of Entities									
	Formation Requirements	Other Formation Documents	Owner Limited Liability	Number of Owners/ Types of Owners	Governance	Classes of Ownership Interests	Tax Base	Distributions	Statute
Unincorporated nonprofit association	None	Mutual consent and a common, non-profit purpose	Yes (Limited to Loss of Investment)	Minimum of 3	Member Managed	No Ownership (but voting/non-voting membership is okay)	Can be treated as a corp for tax-exempt status	Profits retained within association	Wis. Stat. § 184
Nonprofit, nonstock corporation	Articles of Incorporation	Bylaws	Yes (Limited to Loss of Investment)	No Limitation; Can be non-member or member	Member(s) or Board of Directors	One Class (but voting/non-voting is okay)	Can be tax exempt if file IRS Form 1023 or 1024	Profits retained within corporation	Wis. Stat. § 181 Minn. Stat. § 317A (Nonprofit Corporations)
Nonprofit LLC	Articles of Organization	Operating Agreement	Yes (Limited to Loss of Investment)	No Limitation	Member(s) or Manager(s)	Can have multiple levels of ownership	Can be tax exempt if file IRS Form 1023 or 1024	Profits retained within LLC	Minn. Stat. § 322C Nonprofit LLC statutes also in ND, TN & KY
Low-Profit LLC (L3C)	Articles Of Organization; public benefit	Operating Agreement	Yes (Limited to Loss of Investment)	No Limitation	Member(s) or Manager(s)	Can have multiple levels of ownership (can receive funds from charitable foundations)	Member/ Partner level tax	Set by Operating Agreement	In VT, MI, WY, UT, IL, LA, ME, & RI

Types of Entities									
	Formation Requirements	Other Formation Documents	Owner Limited Liability	Number of Owners/ Types of Owners	Governance	Classes of Ownership Interests	Tax Base	Distributions	Statute
Benefit LLC	Articles Of Organization; public benefit	Operating Agreement	Yes (Limited to Loss of Investment)	No Limitation	Member(s) or Manager(s)	Can have multiple levels of ownership	Member/ Partner level tax	Set by Operating Agreement	Some states that have benefit corporations legislation also allow LLCs (eg: OR)
Limited Partnership	Certificate of Limited Partnership	Partnership Agreement	Limited Partners - Yes (Limited to Loss of Investment); General Partners - No (Joint & severable liability)	Minimum of 2 individuals/ entities	General Partners/ Manager(s)	General Partner or Limited Partner	Member/ Partner level tax	Set by Partnership Agreement	Wis. Stat. § 179 Minn. Stat. § 321
General Partnership	the association of 2 or more persons to carry on, as co-owners, a business for profit	Partnership Agreement & Statement of Partnership Authority	No (Joint & severable liability)	Minimum of 2 individuals/ entities	General Partners/ Manager(s)	General Partners	Member/ Partner level tax	Set by Partnership Agreement	Wis. Stat. § 178 Minn. Stat. § 323A
Limited Liability Partnership	Statement of Qualification	Partnership Agreement	Yes (Limited to Loss of Investment)	Minimum of 2 individuals/ entities	General Partners/ Manager(s)	General Partners or Limited Partners	Member/ Partner level tax	Set by Partnership Agreement	Wis. Stat. § 178 Minn. Stat. § 323A
Limited Liability Company	Articles of Organization	Operating Agreement	Yes (Limited to Loss of Investment)	No Limitation	Member(s) or Manager(s)	Can have multiple levels of ownership	Member/ Partner level tax	Set by Operating Agreement	Wis. Stat. § 183 Minn. Stat. § 322C

Types of Entities									
	Formation Requirements	Other Formation Documents	Owner Limited Liability	Number of Owners/ Types of Owners	Governance	Classes of Ownership Interests	Tax Base	Distributions	Statute
Worker Cooperative	Articles of Incorporation	Bylaws	Yes (Limited to Loss of Investment)	Minimum of 5 adults	Members/ Officers/ Board of Directors	May have one or more classes of members	Member/ Partner level tax & retained profits taxed	Determined by Directors once annually	Wis. Stat. § 185 Minn. Stat. § 308A
Benefit Corporation	Articles of Incorporation; public benefit	Bylaws and Shareholder Agreement	Yes (Limited to Loss of Investment)	No Limitation	Shareholders/ Board of Directors/ Officers	Multiple Classes	Corporate & Shareholder level tax	Must be pro rata on stock ownership per class	Minn. Stat. § 304A; 32 other states currently have this legislation enacted
Business Corporation	Articles of Incorporation	Bylaws and Shareholder Agreement	Yes (Limited to Loss of Investment)	No Limitation	Shareholders/ Board of Directors/ Officers	Multiple Classes	Corporate & Shareholder level tax	Must be pro rata on stock ownership per class	Wis. Stat. § 180 Minn. Stat. § 302A
B Corporation	Required formation documents for the particular type of entity chosen; public benefit	B Labs Certification	See specific entity type	See specific entity type	See specific entity type	See specific entity type	See specific entity type	See specific entity type	Governed by B Labs
S Corporation	Required formation documents for the particular type of entity chosen	IRS Form 2553; See specific entity type	See specific entity type	No more than 100 shareholders/ members (only individuals, estates, exempt orgs, and certain trusts – no nonresident aliens)	See specific entity type	Can only have one class (disregarding differences in voting rights)	Shareholder/ Member level tax	See specific entity type	IRC § 1362(a)