I recently had the opportunity to attend a convention for the International Orofacial Myology Association (2011). As luck would have it, I was asked about the different types of business frameworks available for Speech Pathologists and Audiologists in Private practice. I was also asked what I would recommend to new businesses. Let me say first and foremost, I am not an authority, but I do have some basic information. Here is a quick summary of what I know.

1. **Sole Proprietorship** is how many businesses start. In this type business, the owner is sole manager, decision-maker and income tax is based on owner's individual return. Some of the negative aspects of a sole proprietorship are:
    - The Owner liability is unlimited (You can be sued personally)
    - Start-up capital may be difficult to raise
    - Business may dissolve when owner dies.

2. A **Partnership** is used to share management responsibilities between co-owners or it may be used when one partner is an investor. Income is taxed at the partner level. Partnership disadvantages includes:
    - The Profits are shared between partners regardless of the amount of work invested.
    - There is unlimited liability—each partner is individually liable and can be sued.
    - There is a need for an extensive partnership agreement with options for exiting the business.
3. **Limited Liability Company (LLC)** offers liability protection for owner(s). It is not difficult to form because there are fewer rules/restrictions than corporations. The LLC downside includes:
    - Must have a partner agreement if more than one owner
    - LLC is subject to state franchise fee and income tax
    - Some restrictions on ownership and transfer.
4. **"C" Corporation** (Conventional) is easier to raise capital or transfer ownership through sale of shares, has limits of liability for shareholders/owners, and continues to exist until intentionally dissolved. The C Corp Shortcomings are:
    - Expensive to form and maintain
    - More extensive legal requirements
    - Profits may be taxed twice—corporate and owner levels, subject to state franchise fee/income tax.
5. **"S" Corporation** (Sub-chapter) S Corp is similar to a C-Corp but the profits are only taxed once at shareholder level. There is limited liability for shareholders, withholding tax advantage. The S Corp obstacles include:
    - Limited to 100 shareholders
    - Shareholders must be individuals

As to what I would recommend, I would Keep It Simple!!!

- Sole proprietorship or partnership

- If liability and/or taxation is a concern consider an LLC, S-corporation, C-corporation

Usually, an LLC is recommended over a partnership by most business planners. Attorney fees for set-up are similar, taxation is the same and there is limited liability for an LLC that does not exist in a partnership. You should discuss your options with an attorney and/or accountant.

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