



	Ownership	Liability	Federal Taxation	DC Taxation	Corporate registration
Sole proprietor	One person	Unlimited personal liability	Entity not taxed; income or loss reported on personal tax return	Entity may be subject to unincorporated business franchise tax (UBT)*; income or loss reported on personal tax return and UBT credited on personal return	No
Partnership	Two or more people	Unlimited personal liability	Entity not taxed; income or loss reported on partner's personal tax return	Entity may be subject to UBT; income or loss reported on personal tax return and UBT credited on personal return	No
Limited partnership	Two or more people	Unlimited personal liability for general partner(s); Liability of limited partner(s) limited to amount invested in partnership	Entity not taxed; income or loss reported on partner's personal tax return	Entity may be subject to UBT; income or loss reported on personal tax return and UBT credited on personal return	Yes
LLC	One or more person	Liability of member(s) limited to amount invested in LLC	Entity not taxed; income or loss reported on member's personal tax return**	Entity may be subject to UBT; income or loss reported on personal tax return and UBT credited on personal return	Yes
C corporation	One or more person	Liability of shareholder(s) limited to amount invested in C corporation	Corporation taxed on earnings and shareholders taxed on any dividends distributed	Corporation taxed on earnings and shareholders taxed on any dividends distributed	Yes
S corporation	One or more person, <i>but</i> no more than 100 people and all must be US citizens or resident aliens	Liability of shareholder(s) limited to amount invested in S corporation	Entity not taxed; income or loss reported on each shareholder's personal tax return	Corporation taxed on earnings and shareholders taxed on any dividends distributed	Yes
Benefit corporation	One or more person	Liability of shareholder(s) limited to amount invested in benefit corporation	Depends upon underlying structure as C or S corporation	Corporation taxed on earnings and shareholders taxed on any dividends distributed	Yes

* For more detailed information on the UBT and the exemptions, visit: <https://otr.cfo.dc.gov/page/dc-business-franchise-tax-rates>.

** An LLC may elect to be taxed as a corporation