



## Which Business Model is Right for Your Startup?

One of the most challenging aspects of starting a new business is deciding which business model to choose. It is our priority to ensure that our clients make an informed decision about what business model best fits their needs.

**PARTNERSHIPS:** a partnership can be either a formal or informal agreement between two or more people who desire to go into business together. A formal partnership is solidified by a partnership agreement. One of the more significant advantages to a utilizing a partnership is that the business entity is not subject to income tax. All taxes are passed through to the individuals. However, a partnership does not offer personal liability protection for the individual partners.

**CORPORATIONS:** as a business entity, a corporation provides the best personal liability protection for its individual members. Unless the corporate structure can be “pierced,” the individual members cannot be sued for the actions of the corporation. A corporation does require a significant amount of paperwork to be properly set up. This includes filing articles of incorporation with the Arizona Corporation Commission, establishing a statutory agent, creating by-laws, and establishing shareholder agreements, among other things.

**LIMITED LIABILITY COMPANY:** A limited liability company (LLC) is one of the most popular business entities. An LLC can “provide the best of both worlds” so to speak. The LLC provides personal liability protection to its individual members. It can also be structured as a subchapter K, C, or S company to provide income flow through to the individual members, which avoids double taxation. If you are a licensed professional, such as an accountant, doctor, or lawyer, you can create a professional limited liability company, or PLLC.

**SOLE PROPRIETORSHIP:** a sole proprietorship is essentially an individual who is self-employed and not operating under any business entity. A sole proprietorship can be an uncomplicated way to operate a business. You may elect to operate a sole proprietorship under a dba, or “doing business as.” In this case, it is important to create and register a trade name with the Arizona Secretary of State. Whichever business entity you choose, you can count on our experienced business attorneys to assist you in creating the proper entity correctly.

**Set up a consultation with one of our experienced attorneys today.  
Contact Bellah Perez, PLLC at 602-252-9937.**