

C Corporation

Corporations, or C Corporations, are an independent legal entity owned by shareholders. The business itself is legally liable for actions and debts rather than the shareholders.

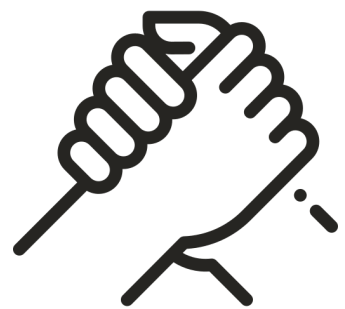
Taxes

Corporations pay income tax on their profit, sometimes twice (once on company profit, second on dividends paid to shareholders).



Formation

Aside from the other minimum business requirements, the business must file articles of incorporation. The corporation is generally required to include a corporate design in its name.



Advantages

- The ability to offer an Initial Public Offering (IPO) to raise capital
- Shareholders personal assets are protected due to limited liability
- Corporations can file taxes separately from shareholders
- Corporations can be enticing to high-quality employees due to competitive benefits and stock ownership

Disadvantages

- Tax laws and legal requirements are most complex
- High organizational and operational costs
- Corporations are subject to double taxation



Examples

AT&T, GE, Exxon Mobile, Johnson & Johnson.