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Corporation

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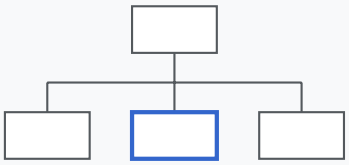

Owners	Shareholders
Managed by	Board of directors and officers
Formed by	Articles of incorporation
Liability	Limited

A **corporation** is a legal entity separate from its shareholders, created by filing articles of incorporation. Shareholders elect a board of directors, which appoints officers to run day-to-day operations.

Features

- Ownership is divided into transferable shares, which makes raising investment easier.
- The corporation continues regardless of changes in ownership.
- Formal governance is expected: bylaws, board meetings and minutes.

In the United States a corporation is taxed by default as a C corporation; eligible small corporations may elect S corporation status.

Frequently asked questions

What is the difference between a C corporation and an S corporation?

Both are US corporations. A C corporation pays corporate tax itself; an eligible small corporation can elect S status so that profits pass through to its shareholders instead.

Who runs a corporation?

Shareholders elect a board of directors, which sets strategy and appoints officers to manage day-to-day operations.

What is double taxation?

Corporate profit is taxed once at company level and again when it is paid to shareholders as dividends.

References

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