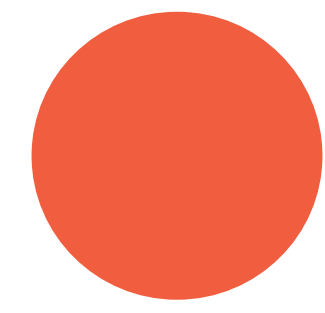
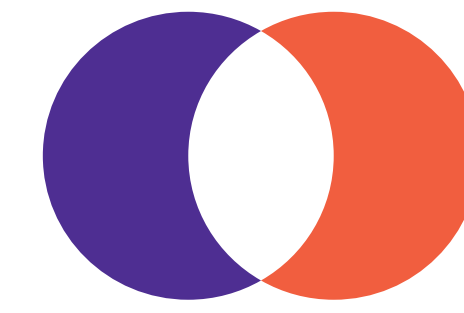


Types of Business Ownership



Sole Proprietorship

Business owned by a **single individual**



Partnership

Business in which **at least two individuals** share the management, profit and liability



Corporation

Business itself is considered a **type of "person" (or "entity")** under the law: LLC, C Corp., S Corp., Nonprofit Corp.

ADVANTAGES

Simplest, least expensive option to get started

Owner collects all profits and makes all management decisions

More individuals share management, skills and finances

More attractive to investors

Fairly simple and inexpensive to set up

Shareholders have limited liability

Shareholders can sell their shares

Corporation's life not tied to life span of owners

DISADVANTAGES

Unlimited liability for debts

Responsible for all aspects of business

Difficult to attract investors

Profit split between partners

Partners have unlimited liability for business debts

Each partner responsible for the business actions of the other(s)

Partners may disagree

More difficult and expensive to set up and maintain

Profits are taxed twice—corporation pays taxes on profits, then shareholders pay taxes on dividends