# Types of Business Ownership

<table>
<thead>
<tr>
<th><strong>Sole Proprietorship</strong></th>
<th><strong>Partnership</strong></th>
<th><strong>Corporation</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Business owned by a single individual</td>
<td>Business in which at least two individuals share the management, profit and liability</td>
<td>Business itself is considered a type of &quot;person&quot; (or &quot;entity&quot;) under the law: LLC, C Corp., S Corp., Nonprofit Corp.</td>
</tr>
</tbody>
</table>

**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