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| **Summary of Business Ownerships** | | | |
|  | **Sole Proprietorship** | **Partnership** | **Corporation** |
| **Ownership** | Single Person | 2 or More Persons or Entities | Unlimited Number of Shareholders |
| **Documents Needed to Form Entity** | None Required | File Certificate of Limited Partnership With The State | File Articles of Incorporation With The State |
| **Management** | Owner of Business | General Partner or Partner(s) | Corporation's Board of Directors |
| **Maintenance Document Requirements** | None Required | Need to Draft And Maintain a "Partnership Agreement" | Need To Maintain Minutes of Meetings and By - Laws |
| **Lifespan** | Terminates With Death or Disability of Owner | Generally For a Specific, Agreed - Upon Time Period  Partnership May Be Terminated By Death, Withdrawal, Insolvency, or Legal Disability of a General Partner | Unlimited (Perpetual) Existence, Unless Dissolved by Directors or Revoked by State For Non - Compliance |
| **Liability** | Unlimited  Owner Personally Liable For All Debts  Personal Property Can be Attached by Creditors to Settle Business Debts | Unlimited  General Partners Are Jointly and Severally Liable For All Debts and Obligations of The Partnership | Shareholders' Liability Is Limited to Their Investment In The Corporation |
| **Taxation** | Owner Taxed On Business Profits Reported on Personal Income Tax | Partners Taxed On Share of Partnership Income | Corporation Taxed on Profits, Shareholders May Have to Pay Taxes on Dividends |
| **Advantages** | Uncomplicated  Ease of Formation   Ease of Operation   Low Cost of Operation   No Corporate Income Tax | Division of Responsibilities  Easier to Raise Capital  No Corporate Income | Legal Entity Separate From Individuals  Limited Personal Liability  Continuity of Existence  Continuity of Management  Easier to Raise Capital  Readily Transferable Interests |
| **Disadvantages** | Unlimited Personal Liability  Difficulty in Raising Capital  Lack of Credibility | Impermanence of Existence  Difficult To Find Compatible Partners  Annual Reporting Requirement | Subject to Government Regulations  Annual Reporting Requirements  Possible Double Taxation by Paying both Corporate and Personal Income Taxes on Profits |