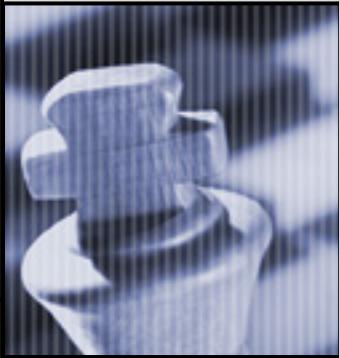
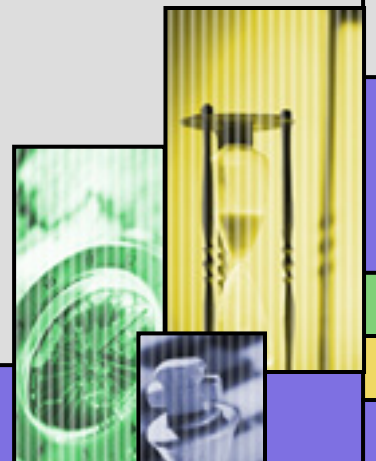


# TYPES OF BUSINESSES



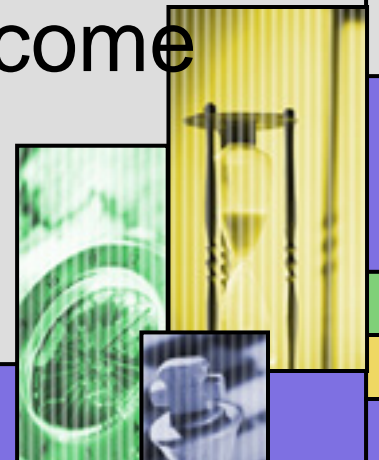
# SOLE PROPRIETORSHIP

A business that is owned and managed by one individual who receives all the profits and bears all the losses.



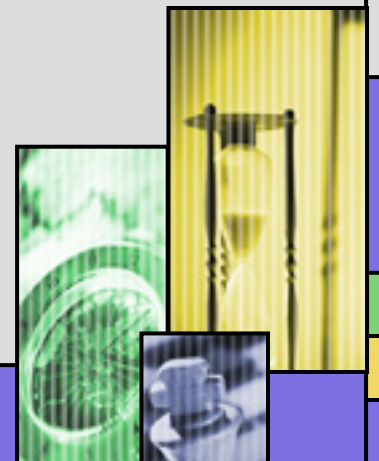
# Benefits: *Sole Proprietorship*

- Ease of starting and going out of business
- Control over profits and business operations
- Pride of ownership
- Lower taxes (pays no corporate income taxes)



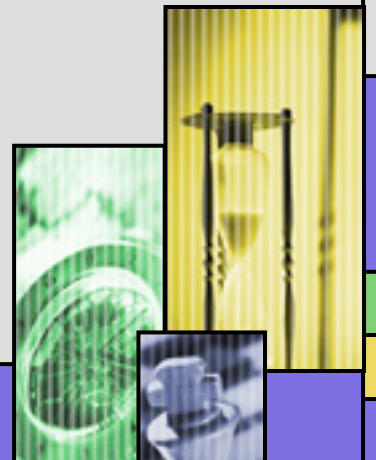
# Costs: *Sole Proprietorship*

- Unlimited liability
- Difficulty in raising financial capital
- Responsible for all losses
- Management knowledge may be limited



# PARTNERSHIP

A business that is owned and managed by two or more individuals who receive all the profits and bear all the losses.



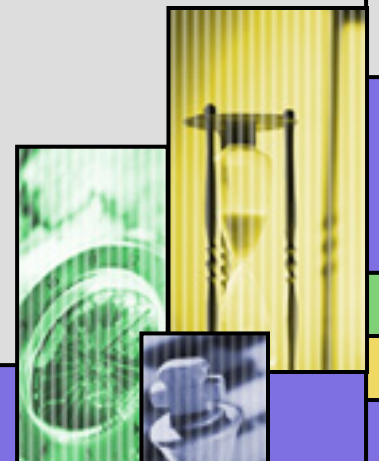
# Benefits: *Partnership*

- Easier to raise financial capital
- Partners may combine managerial skills
- Personal satisfaction
- Lower taxes (pays no corporate income taxes)



# Costs: *Partnership*

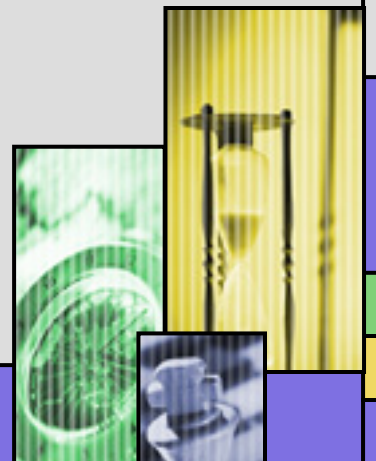
- Unlimited liability
- Shared profits
- Possible conflicts between partners
- Possible instability after death of a partner





# CORPORATION

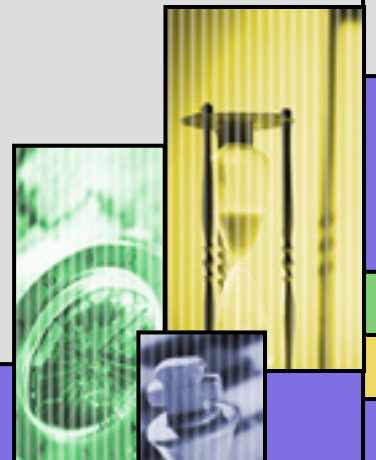
A business that is owned by stockholders and has rights and responsibilities as if it were a person.





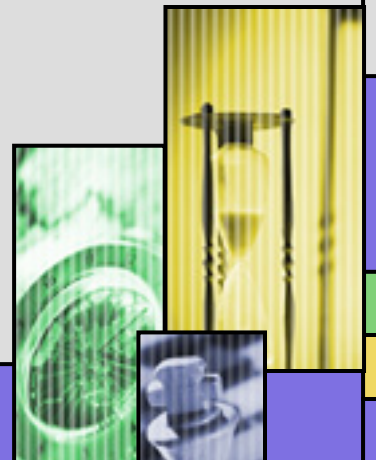
# Benefits: *Corporation*

- Limited liability
- Greater financial capital
- Unlimited life
- Specialized management



# Costs: *Corporation*

- Increased taxation (pays corporate income taxes)
- Difficulty in starting (each state has its own rules for a corporate charter)
- May be larger, more bureaucratic than other forms of business
- Increased government control



# Which type is best?

- Depends on your situation!
- They all have strengths and weaknesses.

Adapted from [www.uen.org](http://www.uen.org)

