



Forms of business organization



Sole proprietor



- Complete control over the operations
- Profits and losses flow directly to the owner
- Taxed at individual rates
- Easy to set up

- Unlimited liability
- Legal identity of the owner and legal identity of the business are not separate
- Getting out of business means selling the business
- Limited financial resource
- Lack of managerial skills and experience
- Responsible for the personal damages and debt an employee can cause
- Lack of continuity





Partnership

- Clear potential for the enhancement of value resulting from two or more people combining their strength
- Easy to set up
- Fewer regulations than corporations
- Stronger potential of access to greater amounts of capital
- Taxed at individual rates



- Unlimited liability
- Limited continuity
- High possibility of conflicts between the partners which can lead to dissolving the partnership







- Unlimited commercial
 - Greater flexibility in raising capital through the sale of stock
 - Easy to transfer ownership by selling stock
 - Limited liability
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- Regulatory restrictions
 - Regulations can be costly
 - High organizational and operational expenses
 - Double taxation