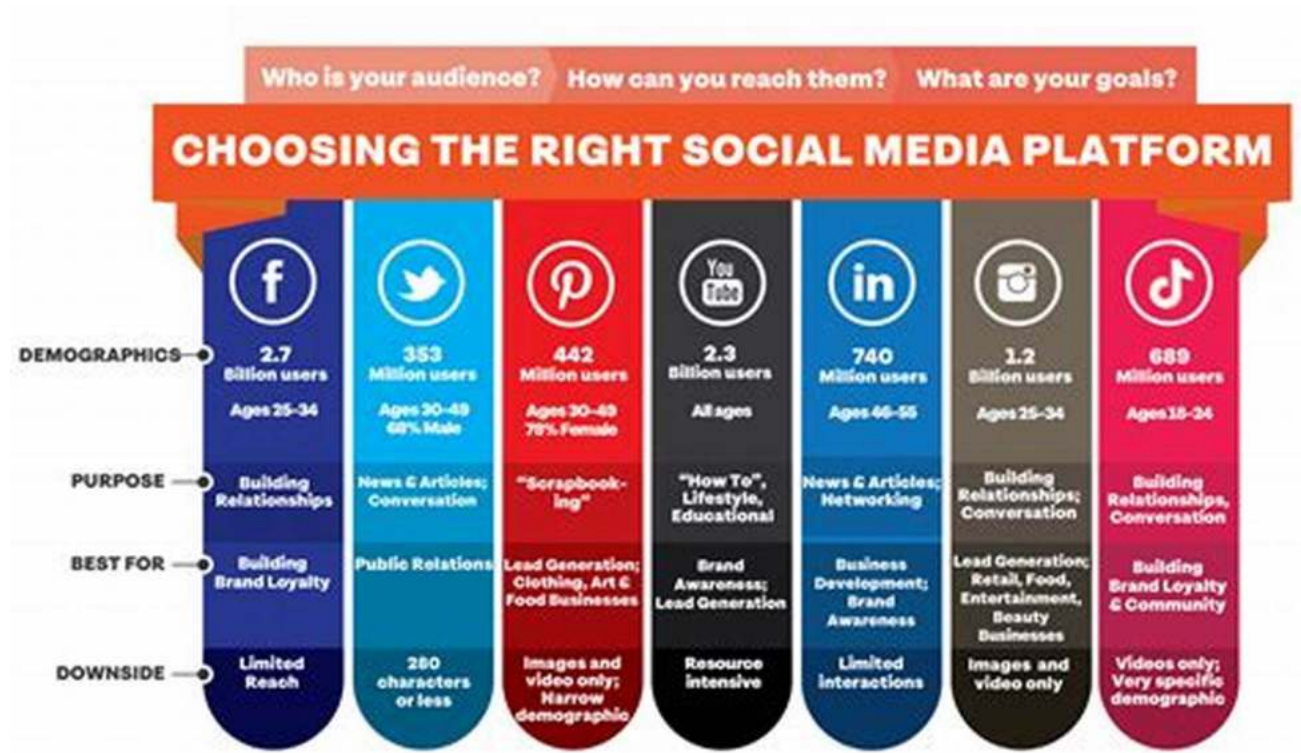


Choose The Right Form For Your Business



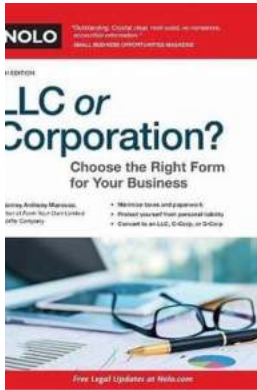
Starting a new business can be an exciting and challenging journey. There are so many decisions to make and one critical aspect is choosing the right form for your business. The form of your business can have a significant impact on its operations, taxation, legal responsibilities, and overall success.

What is a Business Form?

A business form refers to the legal structure of a business entity. It determines how the business is organized, its ownership structure, liability, and taxation. The most common forms of business entities are:

LLC or Corporation?: Choose the Right Form for Your Business by Anthony Mancuso (9th Edition, Kindle Edition)

★★★★☆ 4.3 out of 5



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Screen Reader	: Supported
Enhanced typesetting	: Enabled
Word Wise	: Enabled
Print length	: 297 pages



1. Sole Proprietorship
2. Partnership
3. Limited Liability Company (LLC)
4. Corporation

Sole Proprietorship

Sole proprietorship is the simplest and most common form of business ownership. In this form, a single person owns and operates the business. The business is not treated as a separate legal entity, and the business owner is personally liable for all debts and obligations.

	Sole Proprietorship	LLC	S Corp
Protects you from business debt & liabilities	✗	✓	✓
No restrictions on your salary	✓	✓	✗
You are responsible for self-employment tax	✓	✓	✓
Admin difficulty	◆◆◆	◆◆◆	◆◆◆
Set up difficulty	<i>No set up required</i>	◆◆◆	◆◆◆
Set up cost	FREE	\$-\$\$	\$\$-\$\$\$

One major advantage of a sole proprietorship is its simplicity and low cost of formation. The owner has full control over the business and can make quick decisions without any legal formalities.

However, the main disadvantage is that the owner is personally responsible for all business liabilities. If the business fails, the owner's personal assets can be at risk.

Partnership

A partnership is a business form where two or more people share ownership and responsibility for the business. There are two types of partnerships: general partnerships and limited partnerships.



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LLC or Corporation?

Choose the Right Form
for Your Business

COVERS
THE NEW
TAX LAW

Attorney Anthony Mancuso,
author of *Form Your Own Limited
Liability Company*

- Minimize taxes and paperwork
- Protect yourself from personal liability
- Convert to an LLC, C-Corp, or S-Corp



In a general partnership, all partners share both profits and losses, as well as the management and decision-making responsibilities. Each partner is personally liable for the debts and obligations of the partnership.

In a limited partnership, there are general partners who have unlimited liability and limited partners who have limited liability. Limited partners contribute capital but have no control over the management of the partnership.

Partnerships offer the advantage of shared responsibilities and resources. They are relatively easy and inexpensive to set up. However, similar to a sole proprietorship, partners are personally liable for the partnership's debts and actions.

Limited Liability Company (LLC)

A limited liability company (LLC) is a hybrid form of business that combines the advantages of both a partnership and a corporation. It offers limited liability protection to its owners (known as members) while allowing flexibility in management and taxation.

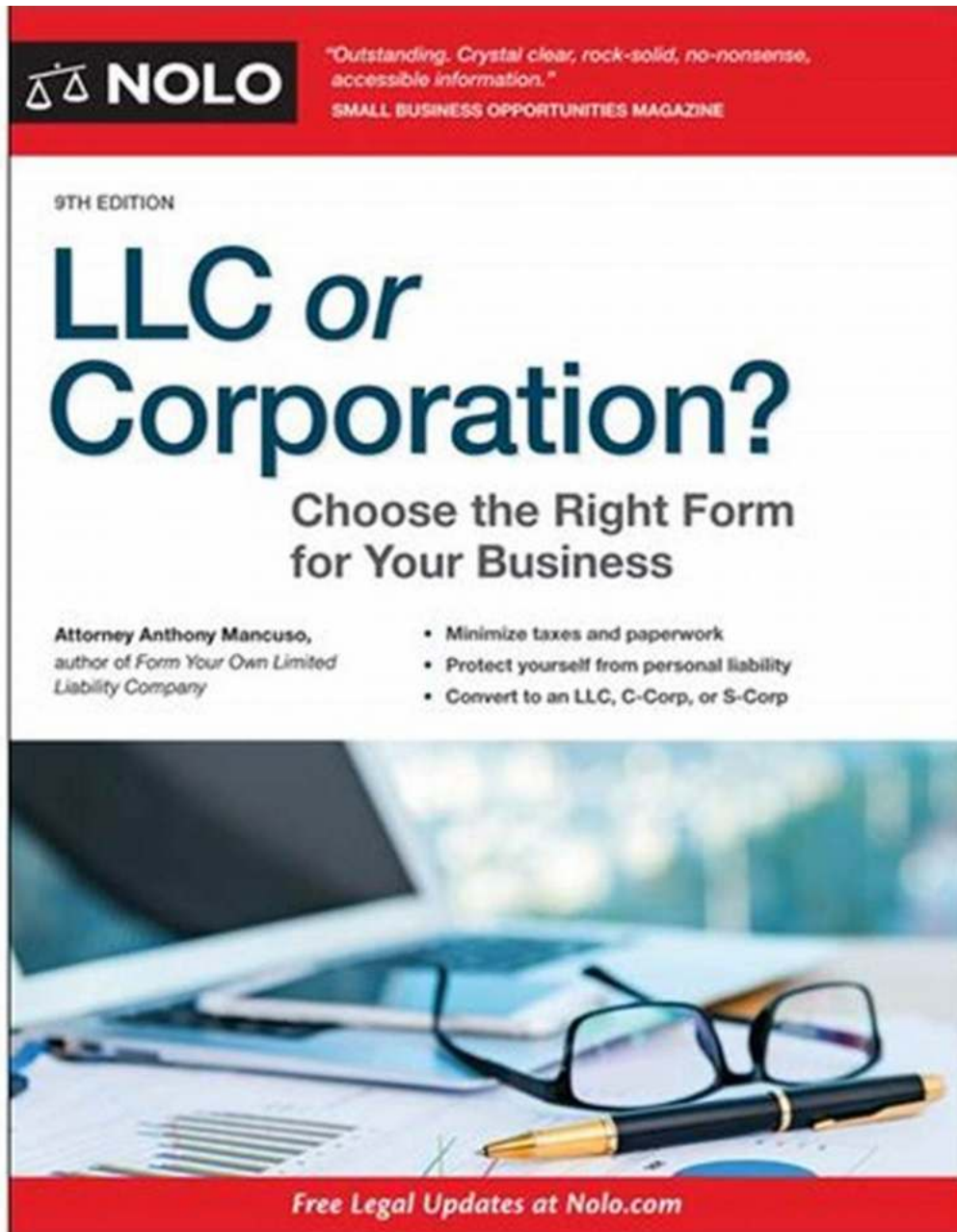
Limited Liability Company (LLC)

An LLC provides personal asset protection, meaning the members' personal assets are generally not at risk if the company faces financial difficulties or lawsuits. The company's profits and losses pass through to the members' personal tax returns, avoiding double taxation.

Forming an LLC involves filing the necessary documents with the state and paying the required fees. While this form offers protection, it requires more paperwork and formalities compared to a sole proprietorship or partnership.

Corporation

A corporation is a legal entity that is separate from its owners. It is owned by shareholders and managed by a board of directors elected by the shareholders. The shareholders have limited liability, and their personal assets are generally protected from the company's debts and obligations.



Corporations are subject to more regulations and formalities compared to other business forms. They require the filing of articles of incorporation, issuing stock, holding regular meetings, and keeping detailed records.

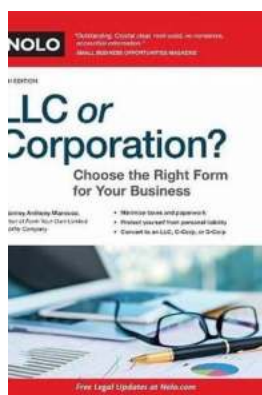
However, the major advantage of a corporation is its ability to raise capital by selling shares of stock. It also provides a clear structure for management and allows for easier transfer of ownership.

Choosing the Right Form

Choosing the right form for your business depends on various factors such as the nature of your business, the number of owners, liability concerns, taxation, and long-term goals. Consulting with a professional, such as an attorney or an accountant, can greatly help in making an informed decision.

It is essential to carefully consider the advantages and disadvantages of each business form and assess how they align with your specific needs and objectives. Remember that changing your business form in the future can be complex and costly, so it is crucial to choose wisely from the start.

In , selecting the right form for your business is a crucial step that can greatly impact its success. Whether you choose a sole proprietorship, partnership, limited liability company, or corporation, understanding the unique characteristics and risks associated with each form is vital. Take the time to research, seek advice, and carefully weigh your options before making a final decision. By doing so, you will be on the right path towards building a strong and successful business.



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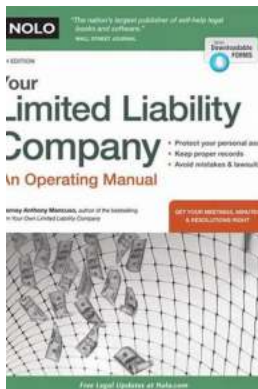
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- how to pay less tax by choosing the right entity
- how to convert from one business entity to another, and
- requirements for doing business out of state.

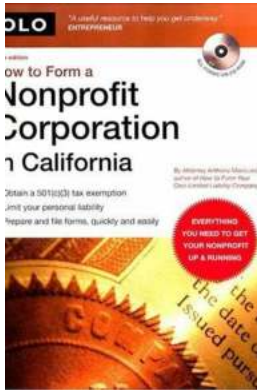
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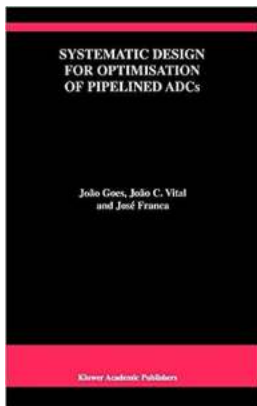
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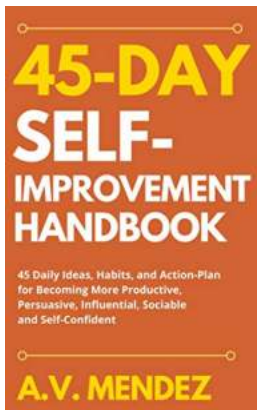
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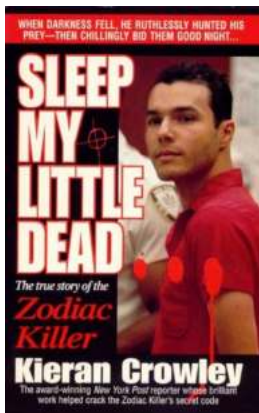
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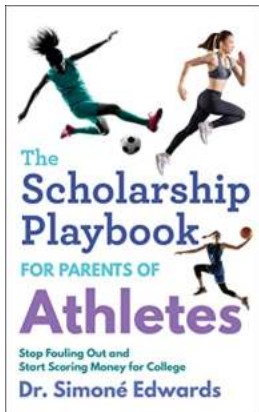
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