Social responsibility

Experience, Responsibility

Sole proprietorship This business is an individual owned organization. This business is the most attractive because of its simplicity and control over the business. * Liability-. This business has unlimited liability. The owner is responsible for everything. If the business begins to fail personal assets and business assets can be sought after to pay off debts. There is no distinction between the two assets. * Income taxes- Business owners in a sole proprietorship file a 1040 as well as a schedule C (" profit or loss from a business or profession"). The Proprietor's personal income is supplemented by all profits of his business.

This form of taxation is known as pass-through taxation, meaning there is no separate federal income tax reporting for the proprietorship. * Longevity/continuity: In the event the sole proprietor dies and planned steps were not properly carried out the business will cease. Sadly thefamily's source of income is no longer available. Life insurance is an important need to the proprietor, it may be the family's only source of income. Secondly a will is a must have with precise details on to whom and how the business should be carries out. It's also important to pre-plan with his chosen representative, teaching them how the business is managed. Control: The sole Proprietor may choose to directly run his business or hire others to manage for him. Being in total control of the business the proprietor is solely responsible for the major functions of his business. Leaving him with theresponsibilityof guiding his business down the path of success. * Profit retention: All profits belong to the owner. There is sole gain, no partners or stockholders to share proceeds with. * Location: One of the best things about a sole proprietorship is there are no limitations on the business. If the owner wishes he can expand, down size, move locations, or sell his business at will. Convenience/Burden: A sole proprietorship has the convenience of absolute freedom of action. A downfall to the Proprietor is the responsibility of running a business that " pays the bills". In the event he were to die become ill or injured the business could no longer run. General Partnership This form of business consists of two or more partners. The partners are the founders of the organization. * Liability: Being co- owners, the partners have equal rights to the possession of the partnership assets. They can't sell, assign, or transfer their individual shares of the ownership.

Each partner is unlimited liable for the firms obligations. Partners are responsible for the debts. Any debt not covered could be made up from personal assets. Partners are responsible for one another. * Income taxes: There is no federal income tax imposed on the partnership. Individuals must file an informational tax return. Each partner must include his share of the profits. Partners can take advantage of the partnerships losses to offset their personal income. * Longevity/Continuity: If a partner were to die, sell, or retire his or her part of the partnership would be dissolved.

Exception would be the " buy sell" agreement. Meaning the surviving partner must buy the deceased partners' interest from the heirs. Personal ownership dies but the deceased interest possess to the decedent's personal representative. * Control: Each partner has equal authority. In partnerships with more than two members the majority will rule. Each partner becomes an agent of the other. A partner may not assign or sell partnership property, admit another to the firm without the consent of all associates, or sell their interest to another without consent of the partners. Profit: All profits and losses are distributed evenly throughout the partnership. * Location: The rules and regulations vary from state to state . General partnership should use Schedule R to apportion income between the states. * Convenience/Burden: The main advantage of this form of buisness is low volume of paperwork needed for registration and its cheapness. Limited Partnership This business has two or more partners much like the general partners. There is a few key differences though. * Liability: There is a partner that carries full liability and the others are limited liability. Income Tax: Income taxes are paid after the partners have received their share. There is four characteristics that would make a limited partnership have to pay corporate taxation. They only need two of the four to qualify. * Longevity/Continuity: In the case of a death the partnership would most likely end. * Control: The general partner would control the daily business for the partnership and the limited partners just have control over the investments. * Profit Retention: All profits are distributed evenly through the partnership. * Location: Partners should pay taxes according to the amount made in each state. Convenience/Burden: The ability to have funds from the limited partners and not having control. On a negative side there would be a risk if a partner dies or leaves the partnership. C-Corporation This corporation is also known as the regular organization. They have an unlimited amount of stockholders, allowing both residents and non-residents in. * Liability: Owners are limited to the amount of his or her investment. All personal assets are safe. * Income taxation: The C- Corporation is taxed as a corporation. Net income is paid to shareholders for dividends. They also pay personal income tax, thus meaning they are double taxed. Longevity/Continuity: The life period is unlimited, as long as they have themoneyto back up the debts they will not be affected by the death of a stockholder. * Control: Shareholders do not directly manage the business they elect the board of members that will manage the business. * Profit Retention: Profit can be used in two ways. One it can be invested in the business or can be paid out in dividends to shareholders. * Location: Corporate taxes are equal in all states. * Convenience/Burden: The ability to raise money for funds is an advantage. It also benefits from the ability to continue if a shareholder leaves the business.

And obviously the double taxation is a big negative. S-Corporation This corporation has all the advantages of the previous businesses but also has its own disadvantages. * Liability: Shareholders liability is limited to the amount of investment. * Taxation: Company doesn't get taxed itself, only shareholders pay taxes. * Longevity/Continuity: Company is unlimited same as an S-Corporation. The shareholders will not affect the organization. * Control: The company is ran by the board of directors. Stockholders have corporate meetings. * Profit Retention: Same as the C-Corporations, pass through tax. Location: Must be domestic in any state. * Convenience/Burden: Business that are starting up usually pick this type of business because of the losses endured. There is a lot of paper work and the meetings are very inconvenient. Liability Limited Company Each member owns his or hers amount of shares according to their contributions. * Liability: An LLC functions much like a corporation. It's members are unlimited liable. *

Taxation: An LLC has a pass through taxation and only the shareholders are taxed individually. * Continuity/Longevity: There is a 50% rule in a LLC .

If a member owning more than 50% of the business leaves or dies the LLC will end. But if a member owning less than 50% of the business the business will continue. * Control: There is two types , member –managed and managed – managed . * Profit Retention: Profits are distributed among members according to their stake. * Location: Most states allow an LLC . Different paperwork is required in different states. * Convenience: A LLC may federally be classified as a sole-proprietorship, partnership, or corporation for tax purposes. Classification can be selected or a default may apply.