**New: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Period: \_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Entrepreneurship**

## Unit 3.3: Creating the Business Plan

*“A Complete Discussion of Legal Forms of Ownership”*

## Forms of Legal Ownership

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* + Corporation

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## Other Legal Form of Ownership

1. **Characteristics of a Sole Proprietorship**
   * Owned and operated by person
   * Easy or hard to create?

! Receives \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, incurs \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and is liable for the debts of business

* + Most entrepreneurs often switch to another form that provides more personal financial protection as the business .

## Advantages of a Sole Proprietorship

## Disadvantages of a Sole Proprietorship

## Characteristics of a Partnership

! A business with \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ owners

* + Partners do \_\_\_\_\_\_\_\_\_\_\_\_\_ have to share a business equally
  + How the partnership interests are divided are spelled out in the .

## Advantages of a Partnership

**Disadvantages of a Partnership**

1. **Characteristics of a Corporation**
   * Registered by the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and operates \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ from its owners
   * A corporation after the owners die or have sold interest
   * Ownership is represented by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, public or private

## Advantages of a Corporation

**Disadvantages of a Corporation**

1. **Characteristics of the Two (2) Types of Corporations**

**C-Corporation**

* The most common corporate form for **large**

businesses.

*Example:*

# Can create status that may assist in getting .

* Shareholders are owners of the corporation
* Required to have an elected

to make decisions for the company

* Structured to accommodate employee benefits; *Examples:*

## Subchapter S Corporation

* Designed for owners of **smaller** companies who want the liability protection of a corporation, but want to avoid
* Shareholders liable to amount invested
* In smaller private corporations, the founders generally hold

the stock.

**\*\*Pass-through Taxation:**

1. **Other Forms of Ownership**

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## IMPORTANT: Before you start your company…

Check with your:

## Why?

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