

When starting a business there are different things that needed to be considered. One of the most important considerations is the type of business structure. There are three basic types of business structure that should be considered: sole proprietorship, partnership and corporation. We will look at the advantages and disadvantages that each of these structure offers to decide the type of business structure I would choose for my project.

The type of business structure owned and operated by the same person is known as sole proprietorship. In this type of business structure, a person is allowed to report their business income and expenses on their individual tax return and it does not involve the complicated tax filing requirements like a corporation. (Lomance, 2013) The advantages of starting a sole proprietorship business is they are easy to form and there is hardly any restrictions and only a few forms that need to be filed with the owner's local city or county clerk office. Since sole proprietors file their business tax return with their individual tax return, they avoid additional accounting cost and their business tax will be at the rate of their personal income. The owner of the business also has full control over all decision for the business. However, there are also several disadvantages to owning a sole proprietorship business such as liability. The owner of a sole proprietorship is responsible for any lawsuits, losses, debts, or violations accrued from the business. All debt will be satisfied from the owners personal assets. There is no continuity in the business if the owners become incapacitated or passes away the business is liquidated. Another disadvantage to sole proprietors, it is hard to raise capital because they do not issue stocks or have other money generating investments like corporations. (BusinessTown.com, 2003)

Another type of business is a partnership. Partnership can help an individual achieve more than he would achieve alone. There are three types of partnerships: general, limited and limited liability partnership they each have their advantages and disadvantages. A general partnership