

# TYPES OF BUSINESS ORGANIZATIONS

Chapter 1

# Types of Business Organizations



- Proprietorships
- Partnerships
- Corporations
- Limited-Liability Partnerships (LLPs)/Companies (LLCs)

# A few stats. . . ,

3

- Proprietorships comprise ? % of business organizations in the United States
  - 70%
- Partnerships comprise ? % . . .
  - 10%
- Corporations comprise ? % . . .
  - 20%
  - But generate ? % of the total dollars of business receipts??
    - 90%

## Proprietorship

### 1. Ownership

Only one owner

### 2. Life of the organization

Limited by the owner's choice or death

### 3. Personal liability of the owner(s) for the business's debts

Proprietor is personally liable

## Partnership

Partners – two or more

Limited by the owner's choice, or death

Partners are personally liable\*

# Corporation

Stockholders – generally many owners

Indefinite

Stockholders are not personally liable



## LLC

**Members**

**Indefinite**

**Members are not personally  
liable**

# Comparison of the Four Forms of Business Organizations

	Proprietorship	Partnership	Corporation	LLC
<b>1. Ownership</b>	Only one owner	Partners – two or more	Stockholders – generally many owners	Members
<b>2. Life of the organization</b>	Limited by the owner's choice or death	Limited by the owner's choice, or death	Indefinite	Indefinite
<b>3. Personal liability of the owner(s) for the business's debts</b>	Proprietor is personally liable	Partners are personally liable*	Stockholders are not personally liable	Members are not personally liable
Unless it's a limited-liability partnership (LLP)				