

Business Organization

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Business Organization

- In Canada there are three main types of business organizations:
 - Sole proprietorship
 - Partnership
 - Incorporation
- There are other forms of business in Canada:
 - Co-operative
 - Limited Liability Partnership

Sole proprietorship

- This is a type of business where there is a sole owner responsible, and personally liable, for all debts and obligations
- Advantages
 - Simple
 - Inexpensive
- Disadvantages
 - Liability
 - Tax rates

Partnership

- This is a business created by two or more people. A partnership is a non-incorporated form of business where (1) the partners are responsible, and personally liable, for all debts and obligations and (2) the partners share in the profits as per their contractual agreements
- Advantages
 - Simple
 - Inexpensive
- Disadvantages
 - Liability
 - You are personally liable for your partners as well as yourself

Corporation

- A corporation is a separate legal entity that is formed for the purpose of carrying on business
- Corporations can be incorporated Federally or Provincially
- Shareholders are not personally liable for the debts or liabilities of the company

Corporation

- Advantages
 - Limit personal liability
 - Separate legal entity
- Disadvantages
 - More expensive
 - Highly regulated
- Other considerations?