

LECTURE NOTES: Business Organizations

Sole Proprietorship

- I. Defined:

- II. Advantages of sole proprietorship
 - A Full management authority
 - B Minimal reporting and regulation
 - C Low cost of organization
 - D Income tax benefits
 - E Ease of discontinuing business

- III. Disadvantages of sole proprietorship
 - A Unlimited personal liability
 - B Lack of continuity
 - C No diversity of management decisions
 - D Limited ability to attract employees

E Difficulty of selling/transferring interest

IV. Formation

A Assumed or fictitious name

B Tax identification number

C Sales tax permits

D Licensing

E Intellectual property