

## Tip #12

# The Advantages And Disadvantages Of Various Legal Forms

### **Individual Companies:**

#### **ADVANTAGES:**

- The simplest form
- minimal startup costs
- the owner is directly responsible for his decisions
- minimal working capital required
- All profits to owner
- tax advantage: for example, the owner can deduct certain losses of other sources of income

#### **DISADVANTAGES:**

- you are alone
- You assume all risks of the company
- you have responsabilité all business debts: creditors can seize your
- property
- difficulty of finding funds
- can tax disadvantage: for example, bénéfices must be added to your personal income

### **Cooperatives**

#### **ADVANTAGES:**

- possessed and managed by members
- democratic control
- distribution of profits to members

#### **DISADVANTAGES:**

- possibility of conflicts between members
- decision making longer

### **Company In The Form Of a Partnership**

#### **ADVANTAGES:**

- easily created
- low startup costs
- additional sources of investment capital
- Possible tax advantages

#### **DISADVANTAGES:**

- associated personal responsibility of the company divided authority
- potential conflicts between partners

### **Capital Company**

#### **ADVANTAGES:**

- limited liability (the) owner (s)
- easier to raise capital
- specialized management
- Possible tax advantages

#### **DISADVANTAGES:**

- highly regulated
- The most expensive form of organization
- often complex tax rules
- double taxation (dividend)