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Subject: **DIFFERENT LEGAL STRUCTURES AVAILABE FOR A BUSINESS**

There are different forms of business structures. Sole proprietorship is an example of form of business whereby one person owns the business. The liabilities incurred byu the business can be paid by the owner incase the business is no in a position to clear its debts.. Other forms of business include the partnership which is formed by a minimum of two members and a maximum of twenty members. The partners are liable for the liabilities that the organization may incur if it fails to clear its debts (Hurt, 2018). The S corporation provides that the company should not have more than 100 shareholders while the c corporation does not restrict the number of members who can join the corporation.

Several advantages present in every form of the business unit. For example, in a sole proprietorship, few legal requirements are required before starting the business. Further, the owners require relatively little capital to start the business. However, the sole proprietor's significant disadvantage is that the proprietor is often overworked. Additionally, due to low consultation, the proprietor is likely to make poor decisions. The forms of taxation for this form of business are through filling the income tax returns. The taxation system for this type of business is not treated separately from the individual income tax and business. The form filled in this case is the income tax return form. This system is called the pass-through system because the profit is taxed through the personal incomes of an individual.

The significant advantage of a partnership is that there is a vast accumulation of capital to facilitate the efficient running of the business (Donohoe, Lisowsky & Mayberry, 2019). Further, the partners bear the losses of the business. However, the major limitation of partnership for business is slow decision making since for any decision to be made; the partners need to be consulted. Additionally, there is a reduced amount of profit enjoyed by an individual partner since the total profit has to be shared among the partners. The taxation system for partners involves filling an annual taxation return. The partners file this form that incorporates taxable profits; then, the taxable profits are then passed through to the partners to their income, where they are taxed.

The significant advantage of s corporate tax is that the shareholders are only taxed once since the dividends given to the tax have been withheld. Furthermore, the business has independent life from the company members, meaning that the members cannot be held liable for business losses. However, the s company experiences the extra cost of work that is required during the formation. The s corporation does not pay the federal tax instead; they are taxed according to the national government (Cooper et al., 2016). The c company enjoys similar advantages only that c corporation tax is made through the corporation tax systems. Its advantages include that the owners enjoy limited liability, which means that the shareholders cannot pay the company's debts. The major disadvantage involves that there is it is costly to establish the form of business compared to other forms. The tax is collected through the corporate taxation system.

The forms used in taxation for sole proprietors' ship and partners for collection form 1040 which is used to record the profits made by the business. On the other hand, the S

corporation uses 1120s for tax purposes. The c corporations use forms 1120 and aa2oW for taxation purposes.

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