

Grasshopper Academy

Determining Your Business Legal Structure
FINAL PROJECT

Weighing the Pros & Cons of Your Business Legal Structure

Business Name _____ Date _____

This worksheet will test your understanding of business legal structures. With the legal structure you've selected for your business in mind, complete each section carefully.

Circle your business structure:

Sole Proprietorship

Limited Liability Company

C Corporation

Corporation

Partnership

S Corporation

Formation

What type of formation regulations does the business entity you are considering require?

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Ownership

Who owns the business?

Will the owner take a salary or leave it within the business?

Who is responsible for managing and operating the business?

Are there any other people who will own an equity stake in my company?

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What other factors are important to the owners? (Check all that apply)

- Ability to deduct owner's fringe benefits
- Ability to freely transfer ownership interests
- Intent to sell shares to the general public in the future
- Intent to conduct business in multiple states

Liability

How much liability might your business involve? (Check one)

- None (Typical for Home-based businesses)
- Some (I.e. Personal injury)
- Significant risk (Professional malpractice and or product liability)

Do you have liability exposure to personal injury plaintiffs, commercial creditors, or financial or contract risks?

Do you have personal assets that would be worth protecting if they became available for creditors?

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Tax Implications

List a few of the tax advantages and disadvantages of your business

Advantages

Disadvantages

Advantages	Disadvantages

What tax forms are you required to file?

Investments

Are you going to be raising money from venture capitalists or investors?

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What will be done with most of the business' income? (Check one)

- Retained within the business for growth
- Distributed regularly to the owners

Will the business eventually become publicly traded?

Planning Ahead

What will become of your business after the owners death or long-term disability?
