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Business is defined as an activity that involves the process of trade of goods and services to the consumers by an organization. Businesses were mostly predominant in capitalist economics, which are privately owned and are focuses to earn the profits, thus increasing the wealth. A business may also be owned by a group of people working as partners.

In other word we can say that business is related to all those activities performed by an individual or a group of people, performing commercially viable and profitable work. The business is mostly performed to earn profits and to serve the people with their goods and services. There are various types of business organization, which is mainly differentiated with the type of ownership of that organization such as sole proprietorship, general partnership, limited partnership, and Limited liability partnership.

The types of ownership and business

Sole proprietorship

This type of business is mostly owned by an individual or a married couple, as setting up and organizing such business is easy. Sole proprietorship mostly enjoys flexibility in management and legal controls. However the main disadvantage of this type of businesses is that the owner has to bear all the losses, if happened so.

General partnership

In this type of business, the company is owned by two or more people and profits earned by the company are equally distributed among them. If, the company suffer any losses, whatever the losses that happened to that business are equally bear by the partners. Such types of business ownerships are more liable than that of sole proprietorship. Partnership agreement determines the controls of the business, when it is stated otherwise it is controlled with the joint effort of partners. In which each partner have the equal right of votes.

Limited partnership

In this type of ownership, the structure and tax implications are same as that of general partnership. The only thing that makes it different form the general partnership is the limited partnership. It allows limited partnership, just for one or more limited partners or by a silent partner, who owns the portion of the company, but didnâ€™t participate in any activities related to the management of the company or business. The main advantage of this type of ownership is that, it allows outside investors to invest on your business by acting as silent partners.

Limited liability partnership

This is a new structure of ownerships of any business, which rose as a result of the demand from the attorney and the accounting firms to be able to limit the liability among the partners. In LLP taxation is just like partnership, but the limitation of liabilities are limited among the partners s like in LLC. However the LLP laws amy differ from state to state.

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