

Different Forms of Ownership:

	Sole Trader	Partnership	Close Corporation	Private Company	Public Company
	Ltd.	Inc.,	CC.	Pty limited.	Ltd.
# of owners	1	2 - ∞ (10 is recommended)	1 - 10	∞ (shareholders)	dependent on the # of shares available
Startup	easy	relatively easy	semi-easy	complicated	complicated
Liability	unlimited	unlimited	limited	limited	limited
Legal Entity	owner	partners	separate	separate	separate
Continuity of Existence	limited	unlimited	unlimited	unlimited	unlimited
Tax	progressive personal tax	taxed on personal capacity of partners	28% company tax	28% company tax	28% company tax
Management	owner	partners	members	director / board of directors	director / board of directors

CLOSE CORPORATIONS:

Members of a Close Corporation:

- Have a maximum of 10 owners $\therefore$ expansion can be difficult if capital needs to be raised.
- Only people can be members of Closed Corporations (i.e. other businesses may not have an interest in the company.) This limits capital, expansion & the possible long-term success of a business.
- All members must agree to one member selling their interest.
- Members are required to play an active role in management - good for small business where owners want to be involved in daily management.

Advantages of a CC:

- Members can specialize in their management function, increasing productivity.
- More than one person can be involved in the making of important decisions - this can improve the business's chance of success, but can also slow-down the decision making process leading to a loss of opportunities (& lower chance of success)
- Financial statements do not need to be signed off or audited by a CA, which might save the business money, but they do need to be reviewed by a member of SAIPA (The South African Institute of Professional Accountants).