



# PARTNERSHIPS



For more than twenty years we have assisted in forming hundreds of business entities, ranging from closely held corporations to partnerships to limited liability companies.

Business formation is often the first major step for entrepreneurs establishing new companies, since your business structure can be used to secure financing, executives and other major pillars holding up a company. We can help you get a solid business structure in place so that you can provide your organization with the best possible chance of success. Entrepreneurs are not afraid to take risks, but it's still a good idea to nail down your business structure prior to launch. Your business type is a good way to begin, and each business incorporation—whether a sole proprietorship, partnership, LLC or even a non profit—has its own pros and cons. How you decide to incorporate is going to come down to taxation, record-keeping and liability.

## Creating A Partnership

A partnership is a business form created when two or more persons engage in a business enterprise for profit. Consider the

following language from the Uniform Partnership Act: "The association of two or more persons to carry on as co-owners of a business for profit forms a partnership, whether or not the persons intend to form a partnership." A partnership—in its various forms—offers its multiple owners flexibility and relative simplicity of organization and operation. In limited partnerships and limited liability partnerships, a partnership can even offer a degree of liability protection.

You should only form a partnership that is memorialized with a written partnership agreement. Preferably, you should prepare this document with the assistance of an attorney.

## Management

Partnerships have very simple management structures. In the case of general partnerships, partnerships are managed by the partners themselves, with decisions ultimately resting with a majority of the percentage owners of the partnership. Partnership-style management is often called owner management.

Partnerships do not require formal meetings like corporations do. Of

course, some partnerships elect to have periodic meetings anyway. Overall, the management and administrative operation of a partnership is relatively simple, and this can be an important advantage. Like sole proprietorships, partnerships often grow and graduate to LLC or corporate status.

## Varieties of Partnerships

There are several varieties of partnerships. They range from the simple general partnership to the limited liability partnership.

- The general partnership
- The limited partnership
- The limited liability partnership

## Choosing the Best Structure For Your Business

When it comes to selecting a business entity one size does not fit all. Each type of business structure has advantages and disadvantages. Choosing the right one for you depends on your unique situation—choosing the wrong one can have legal and tax implications down the road.