

# COMPARATIVE TABLE: BUSINESS STRUCTURES

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## INTRODUCTION

A business may be structured in many different legal forms. The following table provides an overview of the key characteristics of the THREE (3) principal means of carrying on business, namely: the sole proprietorship, the partnership and the corporation.

SOLE PROPRIETORSHIP	PARTNERSHIP	CORPORATION
<b>1.00 DEFINITION</b>		
<p>Business <b>directly</b> owned and operated by a <b>single individual</b>. Also often referred to as self-employed.</p> <p>This form of business has no separate legal personality; the business and sole owner form a single entity.</p> <p>It is the oldest legal structure of a business.</p>	<p><b>Established by a written or verbal agreement</b>, in other words, it involves the <b>will of TWO (2) or more individuals</b>.</p> <p>Created simply when the individuals carrying out an activity, such as operating a business, agree to work together and to incorporate a corporation (<i>af-fectio societatis</i>), in which they pool goods (such as money, immovables, movables, intellectual property), knowledge (expertise) or services (time), for the purpose of sharing the resulting financial benefits.</p> <p>The value of each partner's contribution need not be equal.</p> <p>A lack of a willingness to share the profits generated by the collaboration will prevent the creation of a partnership.</p> <p>There are THREE (3) types of partnerships: general partnership, limited partnership, and undeclared partnership.</p> <p>A partnership does not have a separate legal personality, how-</p>	<p>A <b>legal person</b> upon which the <b>law bestows a legal personality</b> separate and apart from its founders, shareholders and directors.</p> <p>As such, it has its own rights and duties, it has patrimonial autonomy, it owns the property of the corporation; the shareholders only own the shares that they hold in the corporation.</p> <p>A corporation is governed by the fifth title of Book One of the <i>Civil Code of Québec</i>, R.S.Q., c. C-1991 ("CCQ"), entitled "Legal Persons."</p>