

## 6.1: Why It Matters- Business Ownership

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### Why distinguish among the forms of business ownership?

The way a business is formed as a legal entity has implications far beyond the business. Did you know that if your business fails and you can't repay your business creditors, you could lose your home, car, and most of your personal belongings? Or, if you select the wrong legal form of ownership, you could find yourself in a position of owing a large sum of money to the Internal Revenue Service? Did you realize that if your business has not been formed in a way that protects you if someone slips and falls in your store that you could be personally liable for their pain and suffering?

These are a few reasons why it's important to understand the different legal forms of business. Take a look at the following video and see what happened to a family who ran their own business as a sole proprietorship and experienced the impact of the recent recession. In the rest of this module you'll learn about the factors one should consider when choosing a form of business ownership.



You can view the [transcript](#) for “An American Family Faces Poverty” ([opens in a new window](#)) or the [text alternative](#) for “An American Family Faces Poverty” ([opens in new window](#)).

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