Sole proprietorship:

Sole proprietorship type of business entity which legally has no separate existence from its owner. Limitations of liability enjoyed by a corporation and limited liability partnerships do not apply to sole proprietors. Also debts of the business are debts of the owner in the case of sole proprietorship type of business. A sole proprietorship essentially refers to a individual doing business in his or her own name and in which there is only one owner and it does not pay corporate taxes.

Advantages of Sole proprietorship:

* No additional work needed to start the business
* There are no legal formalities to forming or dissolving a business
* What the business makes, so does the individual
* Owner makes all the decisions rather than consulting with a partner

Disadvantages of Sole proprietorship:

* Will likely have a hard time raising capital
* Hiring employees may also be difficult
* This form of business will have unlimited liability, so that if the business is sued, the proprietor is personally liable
* The life span of the business is also uncertain
* The business owner must also be an all-rounder

Partnerships:

Partnership is a type of business entity, where you partner with other individuals to own and run the business. On a higher level, they can be viewed as collection of sole proprietors. By partnering with other individuals, you get access to a bigger pool of capital, skills and other resources to fund and run your business. All partners contribute capital equally, share profits and losses equally and have an equal say in business decisions. Partnership is a type of business have a legal document that highlights the partnership agreement between partners - the profit sharing, duration of partnership, admitting-expelling additional partners, dissolving the partnership etc.

Advantages of Partnership type of business:

* Access to larger pool of resources and capital
* You do not have the confidence to start the business on your own and need someone to shoulder the responsibility
* Access to complementary skills

Disadvantages of Partnership type of business:

* If your partner makes a business mistake, without your knowledge or consent, and it adversely affects your business, you are equally liable to bear the consequences - even though you had no role to play in the mistake
* If your partner goes bankrupt, his share in the business can be seized by his creditors. Although you are not liable for his personal debts, your business may be put into jeopardy