

COSTS OF STARTING A BUSINESS

The more complex the organization, the more expensive it is to start. The least expensive is the proprietorship, where the only costs incurred may be for filing for a business or trade name. In a partnership, in addition to filing a trade name, a partnership agreement is needed. This agreement requires legal advice and should explicitly convey all the responsibilities, rights, and duties of the parties involved. A limited partnership may be somewhat more complex than a general partnership because it must comply strictly with statutory requirements.

The corporation can be created only by statute. This generally means that before the corporation may be legally formed, the owners are required to:

- (1) Register the name and articles of incorporation
- (2) Meet the state statutory requirements (some states are more lenient than others).

In complying with these requirements, the corporation will likely incur filing fees, an organization tax, and fees for doing business in each state. Legal advice is necessary to meet all the statutory requirements.

Hisrich, PhD, Robert D., Michael P. Peters, PhD and Dean A. Shepherd, PhD. Entrepreneurship. 6 ed. New York: McGraw-Hill Irwin, 2005.