

Entrepreneurship Building a Business

Chapter 7 Types of Business Ownership

Section 7.2 Corporations

SECTION 7.2 After You Read Answer Key

Self-Check

1. Corporate shareholders have limited liability. Corporations also appear more professional, can raise money by issuing stock, have perpetual existence, are structured to accommodate employee benefits, and have tax advantages.
2. C-Corporations are subject to double taxation. Profits of a Subchapter S corporation are taxed only once at the shareholder's personal rate. Subchapter S corporations are also limited to 75 stockholders, who must be U.S. citizens.
3. A limited liability company (LLC) is like a corporation in some ways and like a partnership in others. Owners enjoy limited liability and some tax benefits, but LLCs are exempt from restrictions on the number of stockholders.

Think

4. Nonprofit corporations provide many benefits to the community, including education, social services, and cultural activities. They also provide jobs for their owners and other members of the community.

Mathematics

5. Divide the percent by 100 to convert it to its decimal equivalent. $0.3\% \div 100 = 0.003$. Then multiply last quarter's GDP by 0.003. Subtract this amount from last quarter's GDP to determine this quarter's GDP.