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# **ADVANTAGES OF A PARTNERSHIP BUSINESS OVER A LIMITED LIABILITY COMPANY**

The followings are reasons why individuals prefer partnership business to limited liability company or are the advantages of partnership over limited liability company:

Taxes

Freedom

Flow of assets

Number of owners

Banking

## **Taxes**

The owners of a limited liability company are also called members. For tax purposes, the members of a limited liability company are responsible for paying self-employment tax(personal income tax) and company income tax whereas that is not in the case of partnership. Members of a partnership business only pay personal income tax.

## **Freedom**

A partnership allows for a fluid governing structure. They don't have to report their activities to anyone. Partners can come up with any way they like to manage the organization whereas this is not the same in the case of a limited liability company. The members of a limited liability company report the activities to the management and stakeholder.

## **Flow of Assets**

Members of a partnership business can fluidly move assets in and out of the business. Owners(who are the members) can at any time decide to inject more cash into the business from their personal funds or take more earnings out of the business and it is more easier for the transfer assets and withdrawal of capital than the limited liability company because of the restrictions. In a limited liability company, property and monies must be accounted for carefully and transfer of physical property (land or chattel)must be legally recorded and this is because they acquire and sell assets in the company’s name.

**Number of owners**

Decisions taken in partnership business is faster than that in the limited liability company because members in a partnership business is lesser than that of a limited liability company. The minimum number of members in a Partnership is two and the maximum is twenty while for a limited liability company the minimum number is five and the maximum is fifty.

**Banking**

Checks made out to a limited liability company cannot be cashed; they must be deposited into a corporate account. Some banks have higher fees just for businesses that are incorporated, but it's not so in a partnership business.