16/SMS02/002

ABEJIDE OYINDAMOLA

Assignment

List and discuss at least five other reasons (apart from privacy and cost of operations) why it may be beneficial to convert a limited liability company to a partnership business.

 ▪ Appointment: In a partnership, if the partners decide to admit a new partner, the do not need to go through a lengthy procedure unlike a limited liability.

 ▪ Taxes: A partnership can file for a "partnership tax return" every year under Form 1065 but members of a limited liability cannot.

 ▪ Easy dissolution: Unlike limited liability companies, partnerships dissolve easily which reduce stress and procedures.

 ▪ Paperwork: A partnership doesn't require a written document to function while a limited liability company must have written documents before it can function.

 ▪ Lack of Rigidity: limited liability companies mostly have flexibility in profit sharing, Interest on capital,etc, which can have downside that can end up requiring a lawyer to untangle. Unlike a partnership that don't need a partnership because the Partnership Act can give them a default way to operate.