**Video Title:** Corporations and Limited Liability

**Video URL:** <https://www.youtube.com/watch?v=VnTlKcIigyY>

**Running Time/Source:** 9:57, Khan Academy/YouTube

**Close Caption Available:** Yes

This video will explain how shareholders of corporations have limited liability. Shareholders of a corporation have limited liability when the corporation is legally charged with negligence. Partnerships and sole proprietorships, on the other hand, would generally be fully liable, or at least much more than shareholders of corporations. This is because sole proprietorships and partnerships are conduit entities, whereas corporations are separate legal entities. The maximum loss a shareholder could incur in a corporation is the amount invested, whereas the sole proprietor or partner could lose ownership of their business plus personal assets in a lawsuit.

Questions:

1. What are sole proprietorships and what kind of liability do they have?

2. What are partnerships and what kind of liability to they have?

3. What are corporations and what kind of liability do they have?

4. In the video, what business structure is most ideal for Bill to minimize liability?

5. Why is this the case?

6. What is double taxation and which of the 3 business types are subject to this?