



Types of Business Models

The following is a list of business types:

- Sole proprietorship (self employed) - A sole proprietorship is an unincorporated business owned and managed by one individual. Sole proprietors are fully responsible for all debts and obligations related to their business. A creditor with a claim against a sole proprietor would normally have a right against all business and personal assets, meaning the creditor could seize some of your personal belongings. This is known as unlimited liability.
Characteristics of a sole proprietorship:
 - Business not incorporated
 - The owner has sole responsibility for decision making
 - The owner receives all profits and takes responsibility for all losses that are incurred by the business
 - The owner is considered self-employed and reports the business income on a T1 Individual Income Tax Return

- Partnership - A partnership exists when each member shares in the management of the business and has personal liability for the business debts and obligations. Each partner is responsible for the actions of the other partner(s). Characteristics of a partnership:
 - Association between two or more persons
 - Each partner is co-owner of the business
 - Each partner contributes money, property and/or skills
 - Each partner is entitled to a share of the profit/losses based on the partnership agreement
 - Each partner is considered self-employed and reports their share of income/loss on a T1 Individual Tax and Benefit Return
 - The partnership applies as a single entity for GST/PST and licenses, rather than the individual partners.

- Corporation - A corporation is a legal entity that can conduct business in its own name, enter into contracts and own property and is considered separate from the owner or shareholder. A corporation can incorporate at either the federal, provincial, or territorial level and is identified by the terms "Limited", "Ltd.", "Incorporated", "Inc.", "Corporation", or "Corp.". Whatever the term, it must appear with the corporate name on all documents, stationary, and so on, as it appears on the incorporation document. This model allows for some protection from liability since the owner and corporation are considered as separate entities. The owner can also be considered an employee of the corporation. If you want to have a





PHYSIOTHERAPY
ASSOCIATION OF
BRITISH COLUMBIA

402 –1755 West Broadway
Vancouver, B.C. V6J 4S5 Canada
Tel 604.736.5130 Toll Free 1.888.330.3999

Physiotherapist Corporation, you must also register it with the College of Physical Therapists of BC. (www.cptbc.org)

There are pros and cons to each business model. You may need the assistance of your Accountant and/or Lawyer to decide which model is best for your business.



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