

Sole Proprietorship

What Is It?

A sole proprietorship is a business that is not incorporated and has only one owner. Typically there is no legal structure and no one else owns any other part of the business.

Tax Structure

- Do not need an Employer Identification Number (EIN) from IRS
- Owner pays personal income tax on profits
- Only subject to single layer of taxation

Things to Consider

Getting started is simple and inexpensive

You are the boss and keep all profits

Does not require legal structure or federal/state forms

Owner has unlimited liability for the debts of business

Limited capacity to raise capital (money) for the business

Owner is responsible for all decisions

Examples

- Beadwork artists
- Snowshoe makers
- Snack shop owners
- Handyman Repair Service

Resources

- [Internal Revenue Service](#)
- [Alaska Department of Commerce, Community, and Economic Development](#)

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