

Business Formation: Sole Proprietorship

Written by Duluth, MN business attorney Patrick Spott

A sole proprietorship is a business owned and controlled by one individual.

-To begin operation, the business owner needs to obtain business licenses, tax identification numbers, and register the business' name.

-An owner of a sole proprietorship has the maximum freedom and the most privacy, having full and complete authority to manage and control his/her business.

-The owner of the sole proprietorship receives all profits of the business and bears all losses, even if losses exceed their investment in the business.

-To avoid the risk of losing more than the owner has put in, he/she should obtain adequate insurance. **The major disadvantage of a sole proprietorship is unlimited personal liability.**

-The owner can transfer ownership of the business to a new owner if he/she chooses.

-With a sole proprietorship it is easy to form other partnerships and/or corporations later on.

-The sole proprietorship business entity terminates at the death of the proprietor or if the proprietor becomes unable to manage the business.

Any individual that conducts business in Minnesota under a name other than their full legal name must file a Certificate of Assumed Name along with a filing fee. There are filing fees for subsequent amendments per filing.

The rules in effect at the time of this article require that after filing with the Secretary of State's

Business Formation: Sole Proprietorship

Written by Duluth, MN business attorney Patrick Spott

Office, the business owner must publish the Certificate or Amended Certificate of Assumed Name with a qualified local newspaper for two consecutive issues in the county where the principal place of business is located. After publication, the newspaper will return an affidavit of publication, which should be retained by the business. Failure to publish may render the filing invalid.

A Certificate of Assumed Name is valid for 10 years from the date of filing with this office. A renewal form will be mailed to the business address on file, six months prior to expiration. There is filing fee to file a renewal.