What are corporations

- Corporation- type of business structure that is owned and operated by many people but treated by law as though it were a person. It can own property, pay taxes, make contracts, and so on.
- A corporation has a separate and distinct existence from its owners.

- Corporations are owned by stockholders
  - Stock represents ownership to a certain portion of the future profits and assests of the company that issues the stock.
- Corporate structure
  - Must file articles of incorporation: a document listing basic information about a corporation that is filed with the state where the corporation will be headquartered at.
  - Lead to a corporate charter- a license to operate granted to a corporation by the state where is was established

Shareholder

Board

Audit Department

Strategy Committee

Director

Financial Center

| Corporate Planning Dep. | Investment Department | Marketing Department | Purchasing Department | Service Department | Human Resources Department |

| Sales Account Service | Planning Department | Commodity Sales Department A | Commodity Sales Department B | Technical Service Department | Training Group |

| Individual Customer Service | Research Department | Commodity Sales Department C | Commodity Sales Department D | Customer Service Department | Recruiting Team |

| | Engineering Department | | Sales Admin Dep. | Logistics Department | Salary Group |

Advantages and Disadvantages of Corporations

- Advantages:
  - Limited liability
  - Transfer of ownership
  - Perpetual life
  - External sources of funds
  - Expansion potential

- Disadvantages:
  - Double taxation
  - Forming a corporation
  - Disclosure of information
  - Employee-owner separation

S and C corporations

- Characteristics they share-
  - Liability is limited only to the shareholders investment
  - Easy to raise capital because stock can be sold
- What's different-
  - Owners in a C are taxed twice so they pay more taxes
  - Owners in a S are only taxed once
  - S has more restrictions
    - Limited to 100 shareholders and all must be us citizens.