

# Business Entities

## **How to Start and Run an Independent Music Business**

*An overview for music labels, music publishers,  
managers, promoters and venues*

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## Prefatory Information

### **A band is:**

Creative Endeavor

Small Business

Marriage

### **Why do you need a business entity?**

Open a bank account

Contracts / Debts

Investors

Jointly Owned Property

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## Why Business Entities

- *An ingenious device for obtaining profit without individual responsibility.* - Ambrose Bierce

*Three purposes*

- **Capital Aggregation**
- **Limited Liability**
- **Tax**

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## Why Business Entities

### **Legal Fiction**

- **Can own, buy, or sell property in its own name, enter into contracts, borrow money**
- **Right to sue and be sued for civil wrongs**

Tort - Responsible for acts of employees – vicarious liability/respondeat superior (car accidents)

Breach of Contract

Discrimination

- Has free speech (per the US Supreme Court)
- Can be criminally responsible but limited to financial penalties

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## *Business Entities*

- **Sole Proprietorship**
- **Partnership**
  - General Ps and Limited Ps
- **Limited Liability Company (LLC)**
- **Corporation**
  - S-Corp

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## Sole Proprietorship

- **One individual**
  - May use a DBA – assumed name
- **No liability protection**
- **Taxed at personal rate**

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