

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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