

**COMPARISON BETWEEN PRIVATE LIMITED COMPANY (SDN BHD) AND SOLE PROPRIETOR/
PARTNERSHIP**

Sole Proprietor/ Partnership	Private Limited Company
No separate legal existence. Thus, properties cannot be held under the name of the business.	Separate legal entity. Company is free to acquire/ dispose asset(s) as long unanimous agreement is met by passing Directors' and Members' resolution.
Unlimited liabilities. Business owner/ all partners are individually or severally liable for debts should the business goes bankrupt.	Limited liabilities. If the company goes into liquidation/ bankruptcy, the creditors can only go after the assets of the company.
Personal wealth and assets are jeopardized due to the risks exposed in the business.	Personal wealth and assets are protected hence can take greater risk to expand your business growth.
Not subjected to income tax. The profits made are added to the owner's or partners' personal income tax and they are accountable for the profits under personal income tax.	Only subjected to 20-25% corporate tax rate (applicable to small medium size companies)
Cessation of business in the event of death of owner or partner, withdrawal of partnership, bankruptcy, etc	Perpetual succession. Company tends to exist unless in the event of liquidation or deregistration.
Generally, partners cannot transfer his status as partner to someone else unless obtaining the consent from other partners.	Interest can generally be transferred by executing a share transfer form although the rights of transfer may be restricted.
Partners have unrestricted borrowing power in terms of amount and purpose.	Borrowing power is subjected to the purpose set in the Memorandum & Articles of Association.
Cannot create floating charges but the owner/ partners can mortgage the business asset(s).	Company can use current asset(s) as security by creating floating charges.
Sole proprietorship/ partnership can be formed informally and need not disclose business information to the public.	Company is subjected to the governing rules in the Companies Act, 1965 and thus required to supply certain information to the public.
Sole proprietorship/ partnership may be dissolved informally by the sole proprietor himself or mutual agreement by the partners.	A company is dissolved by winding up and liquidation pursuant to the Companies Act, 1965 which requires formal procedures and submission to Companies Commission of Malaysia