

CHARACTERISTICS OF A CORPORATION

- 1. Separate legal existence**
- 2. Ownership evidence by shares of stock**
- 3. Ownership is easily transferred through sale of stock**
- 4. Limited liability**
- 5. Owners elect a board of directors to set corporate policies and select officials to manage the corporation**
- 6. Separate taxable entity (leading to double taxation)**
- 7. Earnings distributed in the form of dividends**