6-07/210.00 Sole proprietorship

Printed: 5/20/2025 (WEB)

A sole proprietorship is not a legal entity itself. The term refers to a natural person who directly owns the business and is responsible for its debts. The owner (sole proprietor) shares all profits and losses. The owner's personal assets are at risk in a proprietorship. The owner has total management authority, but may act through agents or employees. Employees may incur liability for the owner under agency and respondent superior principles. No formalities are required to engage in business as a sole proprietor other than complying with any applicable licensing requirements. If the business is conducted under a name which does not show the owner's surname or implies the existence of additional owners, the owner is required to file a fictitious business name statement. (BP 17900 et seq.) The owner cannot sue for business debts until the fictitious business name statement is filed (BP 17918) The owner can sell the business at any time.
