

Name \_\_\_\_\_

## Joining Forces: The Magic of Limited Liability Partnerships (LLPs)

### Multiple Choice Questions

1. What is a Limited Liability Partnership (LLP)?
  - a) A business structure that offers unlimited liability for partners
  - b) A business structure that doesn't pay federal income taxes
  - c) A business structure designed for professionals with limited liability and flexible management
  - d) A business structure with strict compliance requirements
  
2. What is one advantage of an LLP?
  - a) Unlimited liability for partners
  - b) Strict compliance requirements
  - c) Limited personal liability for partners
  - d) Inability to choose the business type
  
3. How does pass-through taxation benefit an LLP?
  - a) It allows the LLP to avoid paying taxes
  - b) It ensures partners pay taxes twice on their income
  - c) It helps the LLP avoid double taxation, with profits and losses passing through to partners' individual tax returns
  - d) It exempts the LLP from all taxation
  
4. What is one disadvantage of LLPs?
  - a) Limited liability for negligence or malpractice
  - b) Flexible structure
  - c) No registration requirements
  - d) Limited suitability for professional services
  
5. Why might some businesses not choose to become LLPs despite their advantages?
  - a) They enjoy strict compliance requirements
  - b) They prefer unlimited liability for partners
  - c) They need protection for professional negligence
  - d) They want to pay federal income taxes at the corporate level

