

Business legal plan assignment



**ASSIGN
BUSTER**

of the Submitted Law of Business Organizations Limited Liability Company
Limited Liability Company In the given scenario, I intend to start a one-stop computer shop with all the related accessories and peripherals. I have a certain affinity for this business and have always been interested in both software and hardware development. I have researched the history of Dell Computers and have been impressed how the owner Michael Dell started and expanded his business despite all the odds. To me the field of computers, both hardware and software, is full of opportunities and I intend to use my knowhow and skill along these lines to create a profitable business. In terms of the legal form of ownership that I want for this business, I would choose that of a limited liability company or LLC. This is because in this form of business ownership, the liability of an owner is limited to the extent of his capital investment in the business. Furthermore, the limited liability company is a business enterprise that is itself a legal entity, separate and distinct from the owners. A limited liability company can sue and be sued under its own name. Under normal circumstances, the personal assets of the business owners need not be attached to meet the obligations of the limited liability company. I find this aspect very appealing and sensible, compared to a sole proprietorship or a partnership, where the creditors can even lay claims against the personal assets of the owner or partners in order to satisfy their outstanding sums. In a limited liability company, a Court of Law may consider attaching the personal assets of the owner only in cases of proven fraud and misrepresentation (Keatinge et al, 383-384). The level of protection and support to a limited liability company varies from State to State. If the owners choose to classify the business as an ' S Corporation' for taxation purposes, they can save on the double taxation

aspect. The owner is taxed only once at the personal level and the business is not taxed separately. So by default, LLCs with one owner such as myself would entitle me to submit a single tax return, combining the business taxes with my personal tax return. Those who are unaware and let their business be taxed as a 'C Corporation' would suffer taxation at the business entity level prior to distribution of dividends, and then again at a personal level as dividends would also be taxed separately. Easy setup, easy taxation and limited liability are among the foremost advantages of a limited liability company. Among the disadvantages of a limited liability company are the fact that it is difficult to raise capital as compared to a corporation, which simply has to issue a prospectus and prepare share allotment letters and share certificates. Another issue is that there are different levels of legal support, taxation and setup requirements in different states of the USA. A third issue is that with the members of the LLC using different names like partners, members and managers, it is sometimes difficult to establish levels of authority, hierarchy and reporting lines in these LLCs. Traditionally Nevada, Massachusetts and Delaware have been the States where most of the LLCs have been established in the USA. I would prefer to take on my two friends as employees rather than partners or co-owners in the business, and a proper offer and acceptance letter shall be drafted along these lines, outlining their job duties and responsibilities. After all, the idea and the efforts for setting up the business are all mine, as are the funds invested. With luck, I shall be able to sell off the business to a like-minded entrepreneur at a sizable profit once I complete my studies at Community College of Rhode Island. Works Cited Keatinge et al.:" The Limited Liability

Company: A Study of the Emerging Entity,” *Business Lawyer*, Volume 375, Feb 1992, pp 383-384.