

# How business works

Business



How Business Works There are various steps that should be followed before establishing a corporation in California. The first step involves coming up with the name of the proposed business and then confirming its availability. The name of the corporation should exclude names such as trustee, banks, or any other correlated words. The second requirement is to appoint directors for the proposed corporation. Based on California laws, a corporation is required to have three directors unless in the case where shareholders are less than three. No minimum age or a specific residency is set for the corporation's directors. Preparation and filing of the Articles of Association with the secretary of state is the other requirement of registering a corporation. On this note, a fee of \$100 is paid for the filing of articles (Legislative Analyst's Office).

Creation of the corporation bylaws is the fourth procedure required in the formation of a corporation though no specific criteria is outlined for the corporations to follow. According to information from the Legislative Analyst's Office, filing of an information statement with the state secretary is done where a fee of \$25 is paid. The filing of this information should be done within ninety days. The next step encompasses holding a meeting with the company's incorporators. This is followed by issuing of stock certificates to the original owners of the corporation. Another important step is to obtain necessary local license needed to run the business.

The final step involves determining the tax obligations for the corporation, which marks the end of registration process. The rate of income tax that applies to corporations in California ranges between 8.84% and a flat rate. The corporate fees and taxes in California state is different from those of neighbouring states like Oregon, Nevada, and even Arizona. Information from <https://assignbuster.com/how-business-works/>

the Legislative Analyst's Office indicates that the state of California tops in levying a broad based tax on the corporate profits.

Work cited

Legislative Analyst's Office. California's Tax System: A Primer. California's Nonpartisan Fiscal And Policy Advisor, April 2007. Web. February14, 2013