

Seven external factors that could influence business and marketing efforts

[Business](#), [Marketing](#)



This paper will follow a young business as it begins the process of establishing itself in the legal world. There are several factors that business must consider before choosing what type of originations the business will become. In the case of this new company they have opted to become an S corporation. An outline of what lead to this decision will be discussed in-depth. In addition the steps that were taken to complete this task. Business Scenario As the reality of the business begins, it becomes very clear that we must start making the necessary steps to legalize the organization.

The first step is to registering the business name. After registering Gentle Clean, we must make a decision on whether to become a corporation or a partnership. The first thing that must be considered is making sure that the business is its own entity. It's very important that the business and its affairs do not affect our personal lives. As well as anything personal rolling over to the business. A LLC is seen as its own legal entity and is treated as completely separate and distinct from its members.

An LLC can be sued, can sue, can enter into contracts, and be found liable both civilly and criminally all on its own, separate from the members of the LLC. In addition a LLC can be member- or manager-managed, which determines who has authority to bind the LLC in contracts. A LCC can be taxed as a partnership, resulting in the income being taxed to the partners' own tax returns, or corporation, meaning it would be taxed as its own entity. C corporation and S corporation have limited liability protection for the owners, and each is seen as a separate legal entity from the owners.

The main difference between the two is taxation. The C corporation files its own tax return, and while the S corporation must file corporate tax returns, it does not pay taxes at the corporate level. Rather, the profits of the corporation are passed through to the individual to the shareholders on their own individual tax returns. Reviewing the two options one point must be seriously reviewed. The matter of taxation is of serious importance, and which way we proceed. Both an LLC and S corp and C corp are their own entities. Yet very different in other aspects.

We must decide whether to pay taxes at a cooperate level, or have the profits of the corporation are passed through to the individual to the shareholders on their own individual tax returns. Federal taxable income is between 15% and 35%, state and local taxes vary on income. Shareholders of most corporations are not taxed directly on corporate income, but must pay tax on dividends paid by the corporation. However, shareholders of S Corporations and mutual funds are taxed currently on corporate income, and do not pay tax on dividends.

Since it will be several months if not years that the company will make a real profit. It would be in the best interest of the company to file as an S corp. Thus allowing the company to be its own entity as well as establishing the company and protecting the interest of our product. With that being said we must meet with a corporate attorney and file all necessary documents and begin the process of becoming an S corporation. Gentle Clean is now on its way to becoming a competitor in the world of Green cleaning supplies.