

Establishing a corporation essay samples

[Business](#), [Company](#)



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Part One

The type of corporation ideal for the brothers is a limited liability company.

The first step entails the selection of a name. The brothers want to name their corporation ‘ Brother’s Automotive, Inc. A name check should be performed before reservation for the availability of the name. If ‘ Brother’s Automotive, Inc.’ is not unique or has been used by another corporation, another name should be suggested. Perhaps they should name it ‘ The Smith Brothers Automotive, L. L. C.’ or ‘ Allen and Bob Smith Automotive, L. L. C’.

The company name must contain the words Limited Liability Company.

This is then followed by filing a Name Reservation for Domestic Entities form, to obtain a Certificate of Name Reservation. A fee of \$ 10 is payable. The form can also be filled online or by postal mail.

Once the name reservation is successful, one pursues the formation

certificate which is filed with the respective office. This encompasses the corporation's name, the purpose of formation, the name and address of an agent for service of process, number of shares the corporation is authorised to issue, names and addresses of the incorporators and finally, names and addresses of the directors. A copy of the Certificate of Name Reservation from the Secretary of State must be attached to the certificate of application. In Alabama, the certificate is required by law to be filed by is filed by the office of the Judge of Probate in the county where the registered office is situated. The Probate Judge then sends it to the Secretary of State together with the fee. The filing fee is usually \$ 100 in addition to a separate probate court filing fee.

The next step involves appointing a registered agent for service of process. This can be an individual or a corporation that accepts legal papers on the corporation's behalf. Next, the corporation will be required to comply with Alabama Tax Requirements by filing a Business Privilege Tax Return each year with the revenue department. A minimum \$100 tax must be paid each year. Finally, the corporation will have to comply with the taxes due and regulatory requirements such as the Employer Identification Number (EIN) and Business Licences.

A Corporate Records Book is then set up, for the entire corporation's documentation such as directors' and shareholders' minutes, stock certificates and stock certificate stubs. The next process involves preparing corporate bylaws, though this is not compulsory in Alabama. These establish the operating rules and indicate to banks, creditors, and tax authorities that the corporation is legitimate.

Initial Corporate Directors are appointed (in this case, Allen Smith and Bob Smith). They will serve in the board until the first annual meeting of shareholders when elections are held. The incorporator must fill an incorporator's statement showing the names and addresses of the initial director. It is equally necessary that a board of directors meeting be called. This is purposely for the appointment of corporate officers and consequential adoption of bylaws, selection of a corporate bank, the authorization of issuance of shares of stock. Further, the financial year is arrived at and an official stock certificate form and corporate seal agreed to.

The next step involves the Directors issuing stock to shareholders. In this case, Allen and Bob will receive equal shares since their initial starting capital was equal. A number of shares will also be allocated their two sons; Chet and Dean. Paper stock certificates may be issued.

Part Two

FOR DOMESTIC ENTITIES

- Type of Entity (check one):

-Business Corporation -Limited Partnership

-Non-profit Corporation -Limited Liability Partnership

-Professional Corporation -Employee Cooperative Corporation

-Limited Liability Company -Real Estate Investment Trust

-Registered Limited Liability Partnership

Brother's Automotive, Inc.

- The Request for name Reservation is submitted by and for the use of:

Requester of Name

- The Certificate of name reservation is to be mailed to

Acc. Name Acc. Number

- \$ 10. 00 Standard Processing or - \$ 25 Expedited Processing

CERTIFICATE OF FORMATION

- (Attached copy of the Name Reservation from the Secretary of State)

Mailing Address of principal office: 36561, Alabama

Mailing Address of Registered Agency:-1-800-533-7272 Alabama

- Purpose for which Corporation is formed: Buying and selling vintage American racing cars within the U. S and Internationally.

- Period of duration: Perpetual

- Director's Names: (i) Bob Smith

(ii) Allen Smith

- Director has no liability to shareholders for any failure

- Secretary Of State Credit Card Payment option sheet:

Card Types VISA/CREDIT CARD..

- SERVICE REQUESTED: \$ 100 CERTIFICATE OF FORMATION AND FILING FEE

Part Three

They should annually file an Annual Report and Business Privilege Tax Returns form. This is the tax returns form filed with the department of revenue every year. The initial business tax returns are due two and a half months after the corporation comes into existence.

Reference

MacIntyre, E. (2010). *Essentials of Business Law*. London: Pearson Education.