

Sample report on memorandum on what type of company to choose

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



Based on the research conducted on the various models of organization available to the company and in light of the current position the company stands in, it is the suggestion of this memorandum to change the company type to an S-Corporation. The foremost reason for suggesting a change to an S-Corporation is tax rebates. The company currently expects to make 600,000 dollars this year, in which case a tax of 35% on profits would need to be paid before the money came into the hands of shareholders who would then have to pay income tax on money earned through dividends.

The second reason for opting to go with an S-Corporation is the issue of limited liability; while currently the owner stands fully exposed to any potential risks that the company may face during its expansion into the conversion of the company to an S-Corporation would result in the company becoming a separate entity and thus shielding the owner from any potentially devastating losses that may happen.

This memorandum further proposes that while the company be incorporated as an S-Corporation the rights of other members be limited and a controlling interest in the company be retained by the currently owner who should also be appointed as director of the board and given veto powers allowing him to have the ultimate say in all decisions made by the company. This will serve to protect the integrity and vision that the owner has for the company and allow him to retain control and run his company the way he feels is best.

While allowing full control to the owner the S-Corporation would allow the bringing in of more investors in the form of shareholders and banks would be more willing to lend to a corporation as opposed to a single sole proprietor entity or even to a partnership as the risk involved for the bank is greatly

reduced and banks have more confidence in corporations because of their transparent financial history. What is more this very same financial history once made public would invite investors who would be willing to invest in the business due to its documented stellar performance in the past as well as expansionist vision for the future.