

Business regulations

[Business](#)



Business Entities, Laws, and Regulations Paper Dorian Rowe BUS/415 Shaun Koenig November 14, 2011 Businesses in every industry have to deal with entities, laws, and regulations. Management teams have to take into account items such as consideration of control, taxation, and liability issues among others. The purpose of this paper is to discuss the restaurant/bar, professional practice, and construction scenarios. For each scenario the business entity that represents the best choice for each business, ownership structure, taxation, and liability issues for consideration.

Identification of laws and regulations each business must consider in starting the business, and identification of risks against which each business must protect itself will also be examined for each scenario. Scenario 1 Cynthia and Mark plan to open a sports bar and restaurant where customers socialize and watch sporting events on large-screen TVs that hang around the bar. They do not have much money, but they do have Sandra, a wealthy investor who does not have time to participate in the business, but wants to provide capital to start the business in return for a percentage ownership (University of Phoenix, 2010).

The business entity that represents the best choice for this business is a general partnership that two or more people can form. Taking control would consist with the three co-owners to make a partnership agreement in which each partner has equal rights in which to participate in the managing and controlling of the business. A majority rules over disagreements within the partnership situation and amendments to the agreement would require consent from all three owners. Each individual is responsible for his or her tax forms.

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Liability issues that should be taken into consideration include the unlimited personal liability for company losses, for a partner's debts, for a partner's transgressions. Laws and regulations the business must consider in starting the business deal with duration that technically a general partnership terminates with withdrawal of a co-owner, death or disability and sharing profits. Scenario 2 Renaldo and Naomi have just completed all educational and experiential requirements to be licensed as obstetricians. They want to open a birth clinic together.

They will take out a large loan to finance start-up costs (University of Phoenix, 2010). Renaldo and Naomi are newly licensed as obstetricians and want to open a birth clinic together. Both will need to take out a huge loan to finance their start-up amounts. Renaldo and Naomi would be best to create a limited liability partnership (LLP) to organize their business. By forming the LLP, the partners protect themselves from liability beyond their initial capital contribution should the partnership fail or face a lawsuit.

Members of an LLP are also not personally liable for the malpractice of one partner and states require LLP to carry substantial liability insurance in exchange for this limited liability. The limited liability protects Renaldo and Naomi from taking personal responsibility for the loan they will take out should the business become insolvent (Cheeseman, 2010). Forming an LLP ensures that Renaldo and Naomi retain control of their business because they are the only shareholders. For tax purposes, an LLP is not taxed as a separate entity so Renaldo and Naomi will only pay tax for the business profits on their individual tax returns.

To form their LLP, Renaldo and Naomi will need to write and file articles of partnership in the state in which they wish to operate. If they choose to conduct business in another state, they will first need to register as a foreign LLP with that state. Organizing their business as a limited liability partnership offers Renaldo and Naomi the best combination of liability protection, tax benefits, and control of their business (Cheeseman, 2010). Scenario 3 Mei-Lin is the hiring manager for Surebuild, Inc. , a new construction company. She has advertised a position as a jackhammer operator.

The position's description states that the successful applicant must have a high school diploma. The following people apply for the position: Donna, 35, who appears to be pregnant, is a high school graduate, and was formerly employed as a jackhammer operator; Duane, 55, who is experienced with a jackhammer, but has no high school diploma; Rick, who is 38, does not speak English, has no high school diploma, but is experienced with a jackhammer; and Jennifer, 23, a college graduate, who is epileptic and has no experience with a jackhammer (University of Phoenix, 2010).

Duane and Rick automatically do not qualify because they do not have a high school diploma that is a specified requirement in the job description. Donna and Jennifer do because they each have a diploma and from there the employee with the most experience should be hired. As an epileptic the Americans with Disabilities Act (ADA) protects Jennifer, but because Donna has experience and Jennifer does not Donna is more qualified. Although Donna is pregnant the employment law and regulation with which the business must comply in making a decision would be the amended 1964 Pregnancy Discrimination Act from the Title VII of the Civil Rights Act.

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The Pregnancy Discrimination Act covers employers with more than 15 employees including local and state government governments, employment agencies, labor organizations. The basis of pregnancy, childbirth, or related medical conditions constitutes unlawful sex discrimination under Title VII, and to the federal government. The Pregnancy Discrimination Act says that an employer simply cannot refuse to hire a woman who is pregnant because of pregnancy, pregnancy-related conditions or because of the bias of fellow coworkers or customers.

In this scenario Donna is fully qualified for the job because of her high school diploma and her previous experience as a jackhammer operator, therefore; pregnancy cannot be the reason she is not hired. Each business decision is unique and requires research to determine what solution is correct for the business. Every organization must consider the different types of business entities, laws, and regulations before and during operating. Laws and regulations provide the framework to compliance of local, state, and federal business laws.

Stakeholder understanding and knowledge of these laws is essential to compliance. Documented training and retraining of management and employees should ensure compliance. References Cheeseman, H. R. (2010). The legal environment of business and online commerce (6th ed.). Retrieved from <https://ecampus.phoenix.edu/content/eBookLibrary2/content/TOC.aspx?assetdataid=fb9bdcea-ca02-48cc-b883-c1cf12695559&assetmetaid=61859383-2c36-48f5-8ac2-4a24e5c61e14> University of Phoenix. (2010). Syllabus. Retrieved from University of Phoenix, BUS 415 website