

Small business financial setting up a business

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Setting up a Business Overview of the Business The need for living a healthy lifestyle has been pertinent for people of all ages worldwide. The food sector is highly on demand in Ontario's newest city of Markham. The city is a lower-tier municipality with numerous business opportunities. The supply of food commodities has been constrained by the stringent set-up measures stipulated by the municipal government. Setting up a retail store for any type of business in the city would ensure some form of monopoly, but for a limited period of time. We will open a food retail store dealing with fresh farm produce directly from Windsor, Southwestern Ontario. With a population density of 1, 419 people per square kilometer, the retail store will be run by 14 members of staff (10 employees and 4 directors). Such a team of dedicated employees will ensure that all the needs of the prospective customers are catered for. Customer loyalty will be maintained for future plans of expanding the business into a corporation.

Industry/Product Specific Programs and Filings

As a small business, the registration requirements are minimal. We will have to apply for a business license from the Municipal Government. The business license would ascertain that our business is legitimate and acceptable by the national government (Morris, p. 27). All the inventory items will be taxed under the Harmonized Sales Tax (HST) requirements for all sales in Canada. All goods have indirect tax attached to their price. As a small business, our liability to the HST requirements will be through the indirect tax imposed on all goods. However, the tax burden will be passed to the final consumers of the goods and services. They will have to cater for the indirect tax burden through the price charged. The municipal government will require that we pay monthly municipal tax. Such a tax is a requirement for all businesses.

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The tax will be used to cater for the well-being of the municipality.

The fresh farm produce will be inspected by the public health department to ensure that the food commodities are fit for consumption. We will be required to have a certificate of quality check from the same department.

Corporation Considerations

If the business were a corporation, there would be significant set-up and filing changes as required by the central government. Setting up a corporation would require the following documents (Morris, p. 95);

Form IN01-contains the company's name, location, and other details specific to the operations of the company,

Memorandum of Understanding-to indicate that there is an agreement between all the directors to set up the corporation,

Articles of Association- the corporation's constitution to guide all business operations, and

Certification from the public health department.

The corporation will be required to fill tax returns forms. All the sales that the corporation will make will be taxed according to the Harmonized Sales Tax requirements in Canada. In addition, the corporation will be required to fill the following forms (Morris, p. 102);

Secretary's details,

Corporate secretary details,

Directors' details,

Statement of capital,

Statement of voting rights,

List of present shareholders, and

Shareholders who hold at least 5% shares of any class.

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There are other forms that all corporations must file in relation to the working environment. The corporation will be required to fill an environmental compliance form issued by the National Environment Management Agency. The federal agency ensures that all corporations conduct their business in an environmental-friendly manner. Such an environmental regulation ensures that the environment is free from all forms of pollution. The corporation will also be required to fill a Corporate Social Responsibility (CSR) requirement form. CSR requirements ensure that all corporations participate in improving the social welfare of the surrounding population (Morris, p. 118).

For the purposes of financial reporting, the corporation will be required to submit the independent auditors report, director's report, and the report about management.

Conclusion

The process for setting up a corporation is complex and detailed as compared to that of setting up a small business. Setting up a corporation should comply with all the government's regulations. On the other hand, the small business is a decision between individuals and only requires a business license to ascertain that the business operations are legitimate.

Reference

Morris, Michael. *Starting a Successful Business: Choose a Business, Plan Your Businesses, Manage Operations*. London: Kogan Page Publishers, 2011.