

Openig up a business

Business



Limited liability Company (LLC) The intention is to start a Limited liability Company to be offering legal consultationservices to the public. Being an expat in the legal profession will facilitate service delivery. The procedures and requirements of starting a limited liability company vary from one state to another. Listed below are the legal requirements of forming a limited liability company in the UAE. The first step is choosing a business name for the company that complies to the states rules regarding LLC formation. For example, the name should not be similar to an existing LLC. In addition, the word limited should be included at the end of the company name. Some states prohibit the use of some names like insurance and banks (Clifford & Ralph 3).

There is filing of the articles of association defines the rule governing the company and the outsider. The article of association contains information like the name, location and address of the company. Any fees charged should be paid. There is also creation of the company operating agreement that defines the rights and responsibilities of members. The agreement outlines members voting power, interest within the business and rules of holding a meeting. This entails the publication of notice in the newspaper to the intent of forming LLC. However, this requirement is needed by few states. The last step involves obtaining licenses and permits which are required for the business, to start operating for example, tax registration certificates. Upon completion of this step, the business is official (Clifford & Ralph 5).

Advantages of Limited Liability Company

To begin with, the liability of members is limited in case the business goes bankrupt or is in legal trouble. Personal assets and responsibilities are

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separate from the business.

There is a reduction of paper work because tedious meetings undertaken by corporations are not needed in LLC. Quarterly and board meetings are needed, and this helps to cut down operation cost (Clifford & Ralph 6).

Furthermore, members share profit as they wish since there are no restrictions in sharing profits. They contribute different capital proportions and equity; as a result, the members have to define who earn what share of profit or loss. There is flexibility in the management of public limited companies as they can be run by the owners, or even managers; as opposed to corporations that are managed by a board of directors.

Disadvantages of limited liability companies

High formation expenses are required to cater for the formation of article of association and the registration fees. Publication of notice of intent to form a limited company also adds to this cost. Transfer of ownership is difficult as opposed to corporate entities. Within corporations share may be sold to increase ownership but this is impossible with limited liability companies.

The life of limited companies depends on members; where a member quits LLC the business may be dissolved. However, provisions may be created in the operation agreement to prolong LLC life in case a member leaves the business (Clifford & Ralph 7).

Furthermore, raising capital may be difficult because LLC does not issue stocks like corporate entities. The company relies on member contribution, to fund its expenses and may even use company assets as securities to obtain loan

In conclusion, a LLC is flexible and falls between partnership and corporations. Corporate entities have strict rules regarding legal obligations,
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roles and taxes while LCCs have minimal. Partnership require limited capital to start, but they have unlimited liability, unlike LLCs.

Works Cited

Clifford, Denis and Ralph, Warner. Form a Partnership: The Complete Legal Guide. Berkeley, CA: Nolo, 2012. Print.