

The background of the slide is a golden-yellow color with a dense, repeating pattern of various currency symbols (including the dollar sign, euro, pound, yen, and dollar sign) rendered in a 3D, embossed style. The symbols are scattered across the entire background, creating a textured, financial theme.

House of Cards

Business structures

Finance and Business English Webinar Series 2022

Thanks to

REGIONAL ENGLISH LANGUAGE
OFFICE Russia (U.S . Embassy and
Consulates), США



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Центр юридического
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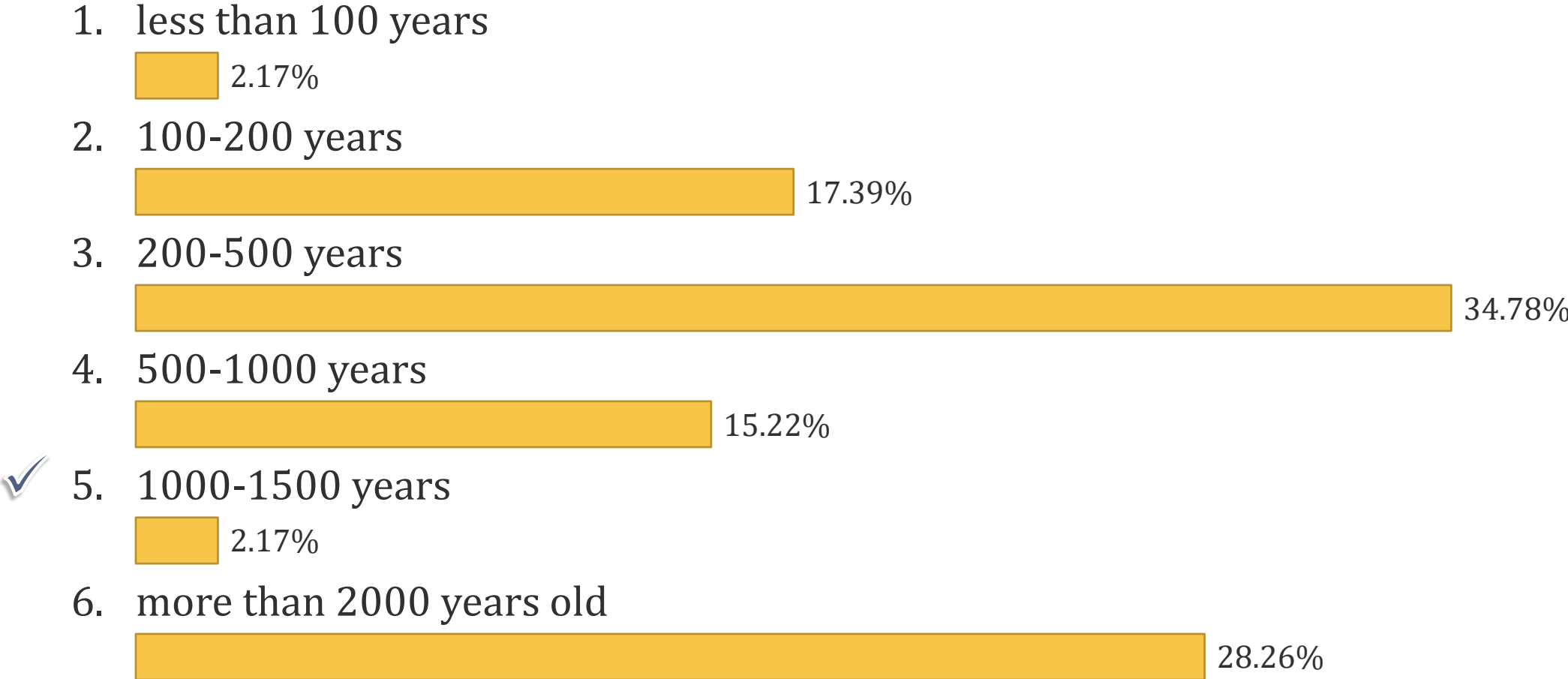
Софья Барина,
Руководитель и
преподаватель центра





<https://www.denverpost.com/2018/06/01/denver-stapleton-lemonade-stand-shut-down-memorial-day/>

How old do you think the oldest company in the world is?



Oldest business in the world?

- Kongō Gumi
- Construction, Japan
- Founded in 578 C.E.
- Now a subsidiary





Starting a Business..

- Not for the weak hearted!

Would you like to start a business?

1. I already have.



2. I am planning on it.



3. I am thinking about it.



4. I am not sure.



5. I doubt I would.



6. Never!





Are you sure?

- First two years: 20% fail
- First five years: 45% fail
- First ten years: 65% fail
- More than 15 years: only 25% of new businesses

• <https://www.investopedia.com/financial-edge/1010/top-6-reasons-new-businesses-fail.aspx#:~:text=Data%20from%20the%20BLS%20shows,to%2015%20years%20or%20more.>

Why do they fail?



A vertical decorative bar on the left side of the slide, featuring a gold color and a pattern of various currency symbols including the dollar sign (\$), pound sign (£), yen sign (¥), and euro sign (€).

But I have a GREAT IDEA!!!!!!!

- Bonne chance!
- Good luck!
- Viel Glück!
- Удачи!

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The Big “What if...” Liability

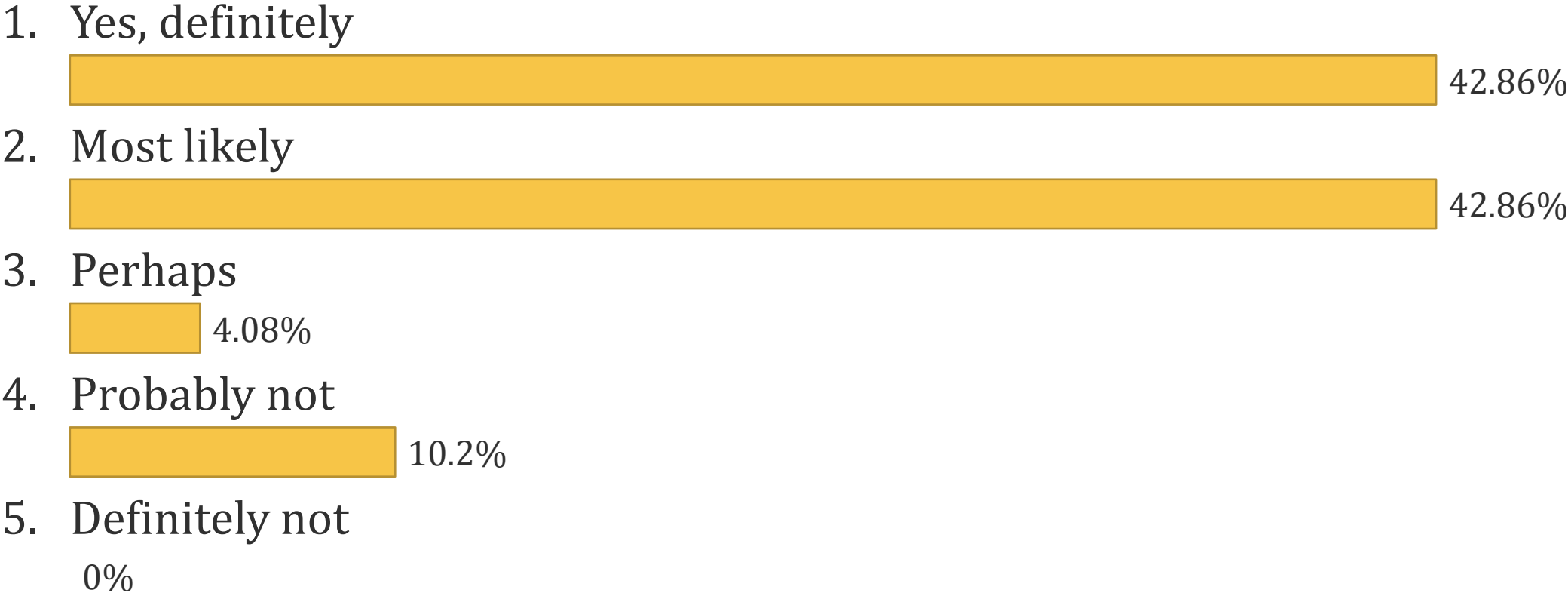
- Do you need “limited liability” protection?
- Protects your personal assets
- Separate from your business.

Yum, you should sell your cakes!

- **Sole Proprietorship**
- Hobbies, testing an idea
- Informal and unincorporated
- No barrier between the business and the owner
- All the profit and all the debts/risks
- It's just income on your tax return.
- You're "self-employed."



If the cake maker accidentally poisoned the guests at a wedding, would he have to pay for their hospital bills and other damages?



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Sole Proprietorship

- Register a DBA (“doing business as”) name
- Hire employees (need Employer Identification Number: EIN)
- Have a business bank account
- Pass-through taxation

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(General) Partnership

- Same advantages and disadvantages
- Partnership agreement: not required but recommended
- Pass-through
- No liability protection

Getting a Business License



Starting a New Business

So you've got an idea and you need to know how to get started? The Arkansas Secretary of State has a great site that will walk you through a few simple questions and will produce a customized business action plan for you.

[Register a New Business with the Secretary of State](#)

But no general license in Oklahoma, for example

Common Business Activities Without License Requirements

These common business activities do not require a state license. However, licenses for these activities may still be required by counties and municipalities.

- Cleaning services
 - Commercial and janitorial;
 - Home or residential;
 - Construction sites (outside or inside);
 - Special sanitizing services
- Power washing services (with exceptions regarding trailers that have hauled livestock and washing that removes contaminated materials)
- Lawn services
 - Grass mowing and edging;
 - Trimming and cutting scrubs, hedges, and trees
- Automotive and truck repair services and shops
- Engine (large or small) and equipment repair services
- Engine (large or small) and equipment repair services
- Home and kitchen appliance repair and installation
- Garage door repair and installation services
- Guttering repair and installation services
- Window and door repair and installation services
- Business general consulting
- Business general accounting, bookkeeping, and tax services
- Business brokering (with exceptions regarding real estate and livestock)
- Auctioneer services (with exceptions regarding real estate and livestock)
- Computer and IT consulting services

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Limited Liability

- Business assets
- Personal assets
- Bankrupt

LLP and LLC Partnership

SCHEDULE E (Form 1040)	Supplemental Income and Loss (From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)	OMB No. 1545-0074
Department of the Treasury Internal Revenue Service (99)	▶ Attach to Form 1040, 1040-SR, 1040-NR, or 1041. ▶ Go to www.irs.gov/ScheduleE for instructions and the latest information.	2021 Attachment Sequence No. 13
Name(s) shown on return	Your social security number	
Part I	Income or Loss From Rental Real Estate and Royalties Note: If you are in the business of renting personal property, use Schedule C. See instructions. If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.	

- Important: pass-through entity
- Must have partnership agreement and maybe more

Law Firms: LLP

- Oldest law firm Rawle & Henderson
- Founded in 1783, in Philadelphia.
- “Make partner”
- Associate
- “White shoe firms” again
- Up or out



Is the session going...

1. too fast?



2. just right?



3. too slow?



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Limited Liability Company (LLC):

owned by its members
not complex to manage
pass-through taxation

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LLC: limited liability COMPANY

- Easier than incorporation
- Pass-through taxation
- *Gesellschaft mit beschränkter Haftung* or GmbH.
- UK: Private limited company

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Corporations

owned by shareholders,
complex rules
normally “double taxation”
board of directors
shares

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Corporations

- Corpus = body
- Company or corporation
- It depends.... Of course
- USA: company includes partnership
- UK company = separate legal entity

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Do all corporations have stocks?

- Of course, it depends
- Nonprofit corporations are nonstock
- Other specific reasons why a corporation might be nonstock

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Some but not all requirements

- board of directors
- corporate bylaws
- shareholders' meetings
- minutes of important meetings

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Closely held corporation

- Often belonging to one family

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S Corporation

- 100 shareholders or less
- benefit of incorporation
- taxed as a partnership
- avoid self-employment tax -- salary or a stock dividend
- more complex than an LLC, less complex than a regular C corp



Holding Company

- Mainly having a controlling interest in other companies.
- Forms a corporate group.

Conglomerate

- corporate group, but the corporations are in different businesses



Do you think business owners should always be personally responsible for the debts their companies have?

1. Yes



2. No



3. Maybe



4. It depends





Piercing the Corporate Veil

- Company only a shell to provide liability protection for its owners
- No corporate formalities, such as holding annual meetings and keeping minutes,
- Owners commingled personal funds with company funds or used personal funds to satisfy company obligations.
- And of course, fraud!
- <https://www.nolo.com/legal-encyclopedia/personally-liable-llc-corporate-debt-bankruptcy.html>



Shell company

- exists only on paper
- has no office and
- no employees. Shell companies may be
- registered to the address of a company that sets shell companies
- used regularly for tax evasion, tax avoidance, and money laundering

• https://en.wikipedia.org/wiki/Shell_corporation



Offshore company

- International Business Companies, or IBCs
- Tax **havens**



Monopoly, Oligopoly, Anti-Trust

- The only game in town....
- This one or that one:
- Pepsi or Coke
- Let's have lunch and discuss some issues...
- Price-fixing

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Merger & Acquisitions (M&A)

- Acquisition: A buys B
- Merger: A and B combine to form C
- Hostile takeover: A wants B but B doesn't want A.
- Anti-Trust:



Anti-trust: too big

- Government regulation
- Google
- Apple
- Microsoft
- Even medical companies



Let's make lots of money... or not

- Nonprofit
- Not-for-profit

Can nonprofit corporations make a profit?

- ✓ 1. yes
0%
- 2. no
0%
- 3. it depends
0%

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Yes, they can make a profit, but.....

Nonprofit can be very profitable

Viviane Tabar, M.D.

Chairman Attending Neurosurgery

Memorial Sloan Kettering Cancer Center

\$4,869,769

12/31/2020

Note: Includes \$3,350,000 bonus & incentive compensation.

<https://www.charitywatch.org/nonprofit-compensation-packages-of-1-million-or-more>

Nonprofit vs not-for-profit organizations

- Nonprofits: benefit the public good;
- **not-for-profits: organizational objectives.**
- Nonprofits: separate legal entity
- **not-for-profits no separate legal entity**
- Nonprofits may have paid employees who are paid
- **not-for-profits usually are run by volunteers.**
- Nonprofits are granted 501(c)(3) status by the IRS

Employee or Independent Contractor

- **Employee:**
 - Company **withholds** income tax, Social Security, and Medicare
 - Employment and labor laws
- **Independent contractors:**
 - No withholding, must pay themselves
 - Employment and labor laws might not apply

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Employee or Independent Contractor

- Do you work with or for a company?
- I work WITH the RELO's Office.
- I'm an independent contractor.
- Sophia works FOR the Legal English Center.
- She's an employee.

Gig worker: independent contractor

- 16% of Americans have done a gig
- driving for a ride-hailing app -- Uber
- delivering groceries or household items
- cleaning someone's home
- running errands
- making deliveries using a **delivery app**;

<https://www.pewresearch.org/internet/2021/12/08/the-state-of-gig-work-in-2021/>

Gig jobs are an asset to society: 5 stars YES! 1 star NO! or inbetween..

Average: 0



Trade/Labor Unions



- **closed shop:**
- only union members: “illegal”
- **union shop:**
- non-union members can be hired but must within a certain time period join the union:
- **open shop:**
- members and non-members
- **right-to-work laws: only open shops**

What's YOUR opinion of trade/labor unions?

1. Extremely beneficial for the labor market
0%
2. Moderately beneficial for the labor market
0%
3. No opinion
0%
4. Moderately harmful for the labor market
0%
5. Very harmful for the labor market
0%

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Cartel: not just drugs

- Collusion: illegal
- OPEC: legal in the USA



What word or phrase will you remember best from tonight's session?



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Thanks, and see you soon!

- Charles Hall
- Alfaisal University
- Riyadh, Saudi Arabia