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Sole proprietorship examples in sri lanka

REGISTRATION OF SOLE PROPRIETORSHIP BUSINESS IN SRI LANKA A OPC is a type of Private Limited Company where the minimum and maximum number of members is one. The OPC has limited liability of its members unlike in a partnership firm. OPC is one of the most reliable and priority structures on Ownership. Pros: Only one member needs the most reliable structure ideal for ecommerce, IT Is ideal for IT startups and other growing business minimum requirements: 1 director of 100000 capital of shares (all shareholders together need to deposit this amount in the company's accounts within 2 months of incorporation) Business registration in Sri Lanka: Sri Lanka is, without a doubt, one of the easiest countries to set up a business in Sri Lanka does not involve lengthy procedures and , so is the many Asian countries. On the other hand, it involves very fast and easy steps that you can solve within a few days. If you plan to start a business here, here's the right place to get started. Read the following business registration in Sri Lanka guide to help you get started. It's detailed, comprehensive and simple, doesn't require a professional walkthrough. Without further adhesiveness, let us go straight to the steps: Understanding your Company's Choice of Sri Lanka allows for some business structure, which as follows: Sole proprietorship. Public limited companies. Limited liability companies. Sharing. Overseas companies. Offshore companies. You can choose from one of these business structures, depending on your own preferences. One of the most common types of business structures in Sri Lanka is sole proprietorship. Many entrepreneurs go with this because it is the fastest and easiest way to set up a business. As a sole proprietor though, all the company's obligations rest on you let alone the fact that you are taxed at a personal income level. A public limited company is one registered under the Companies Act of the country, with the requirements of the minimum fine capital and shares offered to the public in respect of the limited liability requirements. One of those conditions is that there are two directors and two shareholders. The most common type of business structure in Sri Lanka is Limited Liability Company (LLC). Unlike a public liability company, an LLC requires a director and two shareholders. Most importantly, the company secretary must reside in Sri Lanka. The only difference between a registered partnership and a sole proprietorship is that on the container, ownership is shared between the partner. Legally, all partners share the company's obligations. More so they are subject to personal income rates. The overseas company's business structure allows you to open your company branches in Sri Lanka even if you are not a resident of the country. However, your operation will be defined by the company, based outside Sri Lanka. Most importantly, you must register a branch with the Treasury and be willing to pay 10% of the profit generated by the branch. Last but not the list is the business structure of an offshore company. With this in fact, you are allowed for business registration in Sri Lanka, but do not do business locally. After you have decided one of the six options of this company, it is time to register your company. To do so, go to the Registrar of Companies online. Assume you've figured out your company name and trademark, find them here and reserve them. However, note that you should think of another company's name or trademark if the current one already exists to avoid potential legal problems. This will cost 1,000 Sri Lanka rupees (LKR), which is equivalent to 5.81 US dollars. After check-out, you will receive a confirmation of registration within 24-48 hours. However, please note that the booking will remain valid not exceeding 90 days. Prepare the Next Appropriate Forms and Documents, prepare the relevant forms and documents, including: Company registration (Form 1). Consent and certificate of director (Form 18). Consent and certificate of secretary (Form 19). Two copies of your Association Articles. Forms 18 and 19 shall be signed individually by their respective signatories. What if I don't have a secretary yet? You can locally source one from an entity that provides secretaries for a small monthly fee. Many such entities exist nationwide. Then submit your form via the Registrar of Companies. This process should take approximately 3 days or more with a total cost of 17,000 or more. At this point, it's time to inform the public about your company's incorporation through government newspapers. You can also publish your notice on daily paper if you like. Most importantly, you must do this within 60 days of entering your company. This newspaper, on the other hand, has 14 days to publish your notice. This process will cost around 7,000 LKR. Make a Date with the Tax Department Now it's time to get a Tax Identification Number (TIN) for your business. Company TJK is issued by the Tax Department for free. This process usually takes a day to conclude. Obtaining a Employer Provident Fund (EPF) number from the Labor Department of the Labor Department requires employers to pay rewards to employees who have served them for more than five years. This is done through the Employer's Provident Fund programme, which the employer must register. Sign up to get an EPF number, which will allow you to comply with these rules from the Labor Department. Getting an EPF number is free and usually takes no more than a day. The final thinking of the business registration process in Sri Lanka is as simple as following the above steps. It is important to note, observed, that some steps may not be necessary, depending on the type of company you register. For example, if it is the sole proprietorship, to be carried out solely by you, then you may not need to submit Forms 18 and 19 or to obtain a EPF number. Luckily in setting up a business in Sri Lanka. Registration of sole proprietorship business in Sri LankaSole ownership of Consultant Registration Company in Colombo, Sri Lanka& F CONSULTING FIRM LIMITED: we are the Registration unit of a Single own company in Sri Lanka if you wish to register a company or business that you can contact with us. For Sri Lanka business registration, no registration is required. Moreover, there is no procedure for approval of the name (as in the case of a company), you need to simply open a review account with the firm's name. however, if your business is answered for VAT registration and/or Service Tax, then you will need to acquire VAT and/or Service Tax registration. Further, for a single proprietary firm, no separate PAN TAX is required. THE PAN man of the affair is that the PAN firm and human affairs need to be forced to file tax returns in his personal name. Self-owned businesses are often registered with any business name, provided its laws. nothing as a proprietary registration on paper; However, it is often recognized as a non-layout business structure under various departments supporting businesses and classes. If you want to start an online or offline business replacement, a single proprietary firm is that the option is best suited for you. it is a very simple business formation for small entrepreneurs of the World Health Organization should check their concept or start with capital letters with low formation prices. Proprietary preferences). one Person needed as a single enterprise.b). Sole Proprietor of Business.c). easy to start and easily close.d). Complete management.e). Lower formation and compliance prices. Proprietary disadvantage1. Lack of Resources.2. Unlimited Liability.3. Lack of qualifications.4. cannot raise funds solely.5. cannot add Partners. Business Introduction is also called a company, enterprise or firm is a legally recognized organization, designed to provide goods and services to consumers. According to business purposes, business ownership and the nature of business economic contributions; businesses can fall into one of the three standard sectors. There is; the private sector, public sector and the nonprofit sector. Part of the economy concerned with providing basic government services is called the public sector. In most The public sector includes services such as military, public transit, primary education and healthcare. Their aim is to provide services to the people and less emphasis is made on making profits. Profit. cooperation is a widely known type of public sector business entity. The nonprofit sector earned with organizations that did not distribute their surging of funds to owners or shareholders, instead using them to help pursue their goals. Examples include charitable organizations, trade unions and public arts organizations. In the private sector, businesses are funded and controlled by private individuals or institutions, such as companies, shareholders, or investment groups. These businesses run for private profits and they are not controlled by states or governments. There are many types of business entities defined in the private sector and authorized by the legal system of various countries. These forms of legal business include; • Sole Proprietorship • Partnership (General Partnership, Limited Partnership and Joint Venture) • Corporation (C Corporation and Corporation S) • Limited Liability Company (Private and Public) Do not use plagiarized resources. Get Your Custom Essay on The Form of Business Law in Sri Lanka for just \$13.9/page getting custom paper This legal form has been obtained according to their capital Resources, Capital Investment Value, Ownership Nature, Number of owners, Liability properties and many other factors. Each form of law has its own advantages and disadvantages. When deciding on the type of business to form, there are a number of criteria that you should evaluate based on the above advantages and disadvantages mentioned the form of law. The most important fact is the ongoing cost of business formation and administrative costs. This includes record keeping and paperwork costs, as well as costs associated with administrative requirements. Legal liability is the next thing to consider and it defines the extent to which the owner needs to be protected from legal liability. Based on individual situations and business owners' goals, he needs to consider what tax implications are in use as it is also an important factor. Ultimately owners need to think about future needs and whether the legal form supports flexibility. The Sri Lankan Companies Act, No. 7 of 2007 and the Companies Act, No. 17 of 1982 have defined the form of Sri Lankan legal organization, which could be an option for the Sri Lankan business community when forming a new business. Legal forms of business in Sri Lanka include; • Sole Proprietorship • Limited Liability Company (Private and Public) • Sole Proprietorship of a Sole Proprietorship General Partnership also known as a sole trader is a type of business entity owned and operated by an individual and where there is no legal difference between the owner and the business. Sole proprietorship is a form of ownership which assumes the rights, liabilities and responsibilities of the owner with the rights, liabilities and business obligations. Business. Business conditions, the procedures that we need to follow to form a sole proprietorship are relatively simple, and do not require lawyers, accountants, or business consultants. There is no legal requirement to establish sole proprietorship, other than obtaining the necessary local business licenses and permits. As a sole proprietor, the owner has full control and responsibility for his business and operations and he makes all decisions. With this type of business entity, the owner has complete freedom to operate the business, as he is responsible for all transactions and activities that occur in the business. All business assets are owned by the owner and all profits and all losses accrued to it. He is personally responsible for all business debts and must pay them from his personal sources. This means that owners have unlimited personal liability for the business. Also, the owner is less burdened by government sanctions and control, and he is less doing in terms of reporting and taxes. The main advantage of sole proprietorship is that they are easy to start and close. This is because, they are less expensive and are also subject to fewer regulations than other types of businesses. Since the owner has full autonomy in relation to business decisions, single ownership business is easy and cheap to stop. The second advantage is that owners can take all the business profits and no profit sharing. This is probably the most notable motivation for most businesses to be a single type of ownership. At the same time, all losses accrue to his owner and he has no tension about the conflict among partners because there are no partners. In the type of sole proprietorship business, the organization's owners pay their own employment tax on the profits made. It makes tax filings easier and therefore this could be considered another advantage for a single type of business of ownership. Because this is not a corporation; it does not pay corporate taxes. The extraordinary disadvantage of sole proprietorship is that a single trader will probably have a hard time raising capital because he needs to make for all the business funds. He may be forced to use his own money or personal loan for business. The next disadvantage is; The business owner has unlimited liability because he is responsible for business debt. As businesses grow, the risks accompanying the business also tend to grow, and if the business is prosecuted, the owner and his personal assets are at risk. The type of sole proprietorship business is very prominent in Sri Lanka, probably because the form of business is very simple. As a third world country that has low individual income, starting a business with low capital is a very simple factor for any Sri Lankan business person who is thinking of having business itself. There are several home-based businesses running in Sri Lanka like; Groceries, stationery stores, pharmacies, fashion stores and they can be categorized as sole proprietorship businesses, as they belong to a single person. Independent writers, copy editors, photographers and crafts have also chosen to conduct their business as sole proprietorships. The Sri Lankan government has identified the importance of a sole proprietorship business, in terms of their contribution to the nation's development. So the government encouraged this business community, to develop their businesses, by providing the necessary financial assistance, resources, equipment and guidance. Since Sri Lana is based on the agricultural economy, we can encourage more farmers to form their own sole ownership business to sell their goods, and this will reduce the devastating impact that occurs from middle business people. If farmers can sell their goods directly to consumers, they may be able to full profits and it will encourage them to develop their business. This will eventually lead to high development in the Sri Lankan economy as well as the community. A Limited Liability Company (LLC) A Limited Liability Company (LLC) is a type of business organization that combines several aspects of the corporation with sole proprietorship or partnership. The main features of LLC shares with the corporation are limited liability; which is the personal liability of the company's members for business debt is limited. A key feature of STOCK LLC with a partnership is the availability of passing income tax; i.e. an LLC is not taxed as a separate entity. Forming an LLC may not be as simple as sole proprietorship; However, the process is much lower than a corporation. There are two main actions: • Organization articles: It is necessary to file an organizational article with the provincial secretary and pay the required fees. Articles can be provided by lawyers. An LLC business entity can be filed as a corporation, partnership or sole proprietorship in terms of tax returns. • Operating Agreement: It is necessary to develop an operating agreement that helps determine the company's profit sharing, ownership, responsibility, and change of ownership of the LIC may have one or more owners, and may have different classes of owners. If the LLC has a sole member, it will be ignored as separate from its owner, and will be treated as the sole proprietor or division of the owner, unless it chooses to be taxed as a corporation. LLCs filed for taxes as a partnership can reach both conduit tax treatment and limited liability protection under civil law and an LLC filed for taxes the partnership does not have a restriction of ownership. The LLC is usually managed by its members, unless members agree to conduct an LLC business. Ll.c. do not issue stocks and do not have to hold annual meetings or keep written minutes. Generally, members of an LLC taxed as a partnership may agree to share profits and losses in any way. Members of the LLC receive profits and losses in the same way as the shareholders of a corporation. In general, all owners and members are protected from individual liability for debts and LLC obligations. The main advantage of the LLC is that the owner of the LLC has the protection of corporation liability because it exists as a separate entity such as a corporation. Also members do not hold personally accountable for debt unless they have signed personal guarantees, and this is a huge relief for all members. LICs can choose various forms of profit distribution, unlike mutual partnerships where the split is 50-50. Therefore, a flexible distribution of profits is another advantage of the LLC. The business structure of the LLC does not require corporate minutes or resolutions and is easier to operate. This can be shown as the next advantage of the LLC. All LLC businesses lose, profits, and expenses flow through the company to individual members. So, it avoids double taxation paying corporate taxes and individual taxes. Generally, this flow through taxation would be a tax advantage. The most notable disadvantage of an LLC is the limited life time of business. The LLC is dissolved when a member dies or undergoes bankruptcy while the company can live indefinitely. Business owners with plans to recruit their companies publicly, or issue employee shares in the future, may not be treated by choosing an LLC business structure, as going public is quite complicated with an LLC. So this can again be an important disadvantage of the structure of the LLC. Running sole proprietorship or partnership will have less paperwork and complexity than an LLC. So this additional complexity can also be shown as a disadvantage of the LLC structure. There are two main types of companies operating with limited liability status in Sri Lanka. ? Private Limited Company? Public Limited Company Berhad, theoretically also referring to private companies limited by guarantee, is a type of company incorporated under the laws of England in certain Commonwealth countries. Private limited companies are required to have suffix Limited (often written Ltd or Ltd.) or Incorporated (Inc.) as part of their name. It has shareholders, but its shares may not be offered to the public. This means that stocks are usually sold to family, friends and business contacts. Shareholders' liability to the creditors of the company is limited to the capital originally invested; to the nominal value of shares and any premium paid in return for the issue of shares by the company. Shareholders' personal assets are protected if the company's insolvency, but the money invested in the company will be lost. Most companies, especially small companies, are private limited companies. One of the main advantages of Private Limited Companies is that they are easily established because; the shares are sold among family, friends and business acquaintances. Limited liability is another advantage of a private limited company. Shareholder liabilities are limited to the value of the shares held by them. If things go wrong for a business, shareholders' personal assets cannot be used to pay off the debts. Since the board is usually a major shareholder, ownership and control are carefully linked. Therefore results can be taken faster and this can be shown as another advantage. A Private Limited Company has a separate legal existence. This means that the property will be owned by the company itself and all contracts will be signed on its behalf. Directors and secretaries can only act as agents. Therefore, the company is not dissolved on the resignation, bankruptcy or death of a director who is an important advantage in The Private Limited Company. The Company may be dissolved only by winding up, liquidation or order of the Registrar of Companies or by the Court. When we think about the advantages, the tax benefits of a Private Limited Company can also be considered. Directors of the company are required to pay income tax but the company pays the corporation tax on the company's profit which is one tax rate only and the average exit is at a lower rate than if income tax is paid on profit. Although Private Limited companies have many advantages, there are a number of disadvantages that often prevent small and medium-sized business owners from setting up private limited companies. Many Private Limited Companies are very profitable. Unfortunately, this gain can be diluted as it must be distributed equally among all shareholders, and many Private Limited Companies have up to 50 shareholders. So this is the main disadvantage of Syarikat Sendirian Berhad. The next thing that can be an important disadvantage is that shareholders of Syarikat Sendirian Berhad cannot sell or transfer their shares to the public. 50 or more shareholders comprising Private Limited Companies must retain their shares and cannot trade them on any stock exchange. A Private Limited Company can be quite complex to create, which means that lawyers and accountants almost need to be involved in a Private Limited Company from scratch. This can be expensive and therefore a disadvantage. Interests of Private Limited Companies Sri Lankan economy over the last 15 years has been enormous. Sri Lanka's economic opening has led to a free investment inflow along with modern cutting-edge technology, which boosts the interests of Private Limited Companies in Sri Lanka Lanka economy Previously, the Sri Lankan market was ruled by government enterprises but the scene in the Sri Lankan market changed as soon as the market opened for investment. This saw the rise of Sri Lankan private sector companies, which prioritized the needs of customers and fast services. Most of the pioneer businesses in the Sri Lankan business world today are categorized as Private Limited Companies. Some of the best examples are Richard Pieris & Company PLC; (One of the largest and most successful business groups), Abans Group - Abans Private Limited; (Representing world-renowned household goods brand), Singer (Sri Lanka) PLC; (Durable household company), ODEL (PVT) LTD; (Sri Lanka's main fashion gallery). Private Limited Company is often considered to be a limited company version of Sri Lanka. This may be because; Over the years, shaping business with family and friends has become the custom of Sri Lankas. There are many examples such as Perera and Sons (PVT) LTD; (One of Sri Lanka's main bakers and caterers), H. Don Carolis & Sons (PVT) LTD; (Manufacturer of fine handmade wooden furniture), Ebert Silva Touring Co. Ltd; (pioneer company in the tourism and tourism industry) . This is considered a successful family business and is categorized under a type of business of Syarikat Sendirian Berhad. To encourage private sector domestic investment, the Sri Lankan government has recently brought bank interest rates down from 20 per cent to around 10 per cent for loans. Public Limited Company A public limited company (legally shortened to plc with or without full stop) is a limited liability company incorporated under England's laws in certain Commonwealth countries and is allowed to offer its shares to the public. This means that shares in public limited companies, can be traded on the Stock Exchange and can be bought by the public. The capital required to start a Public Limited Company may come from two different sources; some of the money came from loans from banks, and the rest came from stocks sold to the public, through the stock market. Shareholders' liability to the creditors of the company is limited to the capital originally invested; that is, to the nominal value of shares and any premium paid in return for the issue of shares by the company. The shareholders' personal assets are therefore protected in the event of a company's share, but the money invested in the company will be lost. Dividends are paid using profits from PLC. The profits of public limited companies are divided into percentages and paid to shareholders. There are many advantages of doing business as a Public Limited Company, and registering a company on the stock exchange. Example equity derived from initial public offerings capital form remains because there is no interest payable on equity, and it is not repaid like debt. The funds produced by public offerings, therefore, are considered a relatively safe form of capital for businesses and this can be reflected as a major advantage of the types of Public Limited Companies. People can also allow companies the freedom and flexibility to spend capital, as it needs to fund further growth and development, providing a solid financial base for building. This would be an important motivational point for anyone who is thinking of starting a new business as a Public Limited Company. Many companies use stock and stock option plans as incentives to attract and retain talented employees. It is increasingly common to recruit and compensate executives with a combination of salaries and stocks. Stocks can play an important role in attracting and caring for key personnel. Public companies are more likely to get major, magazine and periodic press attention. The correct use of press releases, interviews or news stories can raise investor awareness, shareholder value, and demand for shares, sales and revenue. Once the company becomes public, it is necessary to disclose so much information to the public at regular intervals. This includes shareholding patterns, quarterly and annual financial statements, directors' profile and so on. Therefore, it can be shown as one of the weaknesses of Public Limited Companies. In the decision of Public Limited Companies takes too long and it can also be a disadvantage. This is because the implementation of any significant decision is subject to the approval of the board of directors selected by the shareholders. Shareholders in public companies expect a steady stream of income from dividends, which may mean that businesses need to concentrate on short-term objectives to create profitability and this may be an important disadvantage as it may be better at working on long-term objectives, such as growth and investment. The most notable disadvantage of Public Limited Company is the threat of acquisitions. That's because they are publicly traded and other companies can buy large quantities of shares and they can then persuade other shareholders to get along with them to vote in the new management team. The Sri Lankan stock market has become quite lively and booming, particularly as a result of the end of the war, and this is a clear point for the growth of Public Limited Companies. New companies make their public offerings and oversubscribe on the first day itself. There is huge demand for company stocks in the market and we can see a lot of companies has turned into a Public Limited Company. These companies represent banking, finance, insurance, healthcare, telecommunications, food, beverages and many other sectors. The most important example is; Commercial Bank of Ceylon Ltd; (Slammed as the best bank Sri Lanka), Janashakthi Insurance; (The 3rd largest general insurer in Sri Lanka), Sri Lanka Telecom Ltd; (Major telecommunications service providers in Sri Lanka), Cargills (Ceylon) Ltd; (Largest food chain in Sri Lanka) and Nawaloka Hospital Ltd; (The largest and most reliable healthcare hospital in Asia). The end of the war has put Sri Lanka on the radar of a global company as a country with attractive investment proposal opportunities. Given the issue of shares by resident companies to foreign investors permitted in terms of general permission, many resident companies have issued their shares to foreign investors. It includes; Lanka IOC; (75% of the shares owned by the Indian Oil Corporation) and Millenium IT; (Shares bought by the London Stock Exchange). General Partnership General Partnership is the easiest type of legal structure designed for circumstances in which two or more people collaborate on several types of business activities. Entities involved in a partnership can be individuals, corporations, or trusts. General partnerships are usually started with good friends or family. Starting a new business is a huge risk and admiral leathing faith. People who open a general partnership need to trust each other and work well together. Although businesses don't need many assets to start or operate, it still takes a lot of money to open a business. A general partnership allows more than one individual to carry financial burden. This is ideal and makes businesses easier to open. By default, the profits and losses generated by the General Partnership are shared equally among its partners. However, usually a partnership

agreement is created to determine the rights, responsibilities, and duties of each partner, as well as permanent terms if one of the partner's withdrawals is from a partnership. Financial responsibilities are shared equally among partners, with each partner jointly and separately liable for all debts and business obligations which means that the partner is jointly responsible for any and all legal claims against any partner. General Partnership Tax is calculated at the individual level. A general partnership can be less expensive to form with limited initial costs and it has shared financial commitments, which can be considered a major advantage of this type of business. Also it requires less paperwork and formalities that encourage people to shape their business as a general partnership. General partnerships can thrive when each partner brings specific strength to the business. If each partner takes on a role that is and there is general consensus on business plans, goals, and visions from the outs outs you can be beneficial. Work can be done faster, and having some partners involved will increase the potential of acquiring and attracting supporters. Ultimately, the success of such efforts depends on the personality of the parties involved. A general partnership offers members a common risk advantage and comprehensive control over business transactions. One of the most significant benefits of the General Partnership facilitates tax filing, as no corporate or double tax form is required. As a passing tax entity, this form of business doesn't pay direct taxes instead of its individual owners carrying tax burdens however, the various disadvantages of the General Partnership are what makes it arguably one of the organization's worst available business structures. Due to the lack of corporate structures, the General Partnership does not establish any type of business entity separate from the partners. This means that partners are absolutely not protected from any litigation against businesses, and that their personal assets can be seized at any time to cover unforceable business obligations. Even worse, each partner is responsible for the actions of others on behalf of the business. So if one of the partners was to implement an agreement without anyone else's knowledge, each partner would be equally obliged to the terms of the deal. The same goes for credit obligations. If any partner gets credit on behalf of the business, each partner will be equally obligated to those debt terms. In addition, without a Partnership Agreement, there is no permanent guarantee for the General Partnership if one of the partners dies, becomes disabled, or withdrawal from the business. For these reasons and other reasons, a general partnership agreement should be carefully prepared with the legal counsel, and signed by all partners. In addition, there should be a way to dissolve the partnership in case of death, disability, or if one partner should want to go out of business for any other reason, personal or professional. Sri Lanka, as a country with low individual income, general partnerships will be an idle type of business as it gives you a bunch of resources and financial encouragement to start a new business. Since the family business is very well known in Sri Lanka, anyone can gather with his family and friends to form a business. Since each partner has an important contribution to the business, their skills and abilities will guide the business to succeed. There are several businesses in Sri Lanka, involved in all types of sectors such as; groceries, pharmacies, restaurants, bookstores and laundry; which can be categorized into a general type of partnership business. Kingdom of Sri Lanka identify the importance of the general partnership business, in terms of their contribution to the development of the country. So the government encourages this business community, to develop their businesses, by providing assistance, resources, equipment and guidance. Remember. It's just a sample. You can get your customized paper from our expert writers get a customized paper

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