



Legal Aspects to Consider when Starting a Business

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When starting a business, it is important to consider the legal aspects. This not only ensures that your business is legally compliant but also limits interruptions due to non-compliance. You may involve a lawyer who will advise you on the following aspects:

Determining the nature of business

A business can take various forms. It could be a company, a sole proprietorship, a partnership or a limited liability partnership. The suitability of a certain form of business over the other may be determined by factors such as the type of business, the number of participants and the available funds required to set up. Knowing the form of business will enable you get the proper advice on the legal requirements necessary for the formation of that business entity, the advantages and disadvantages of each form of business and the extent of liability upon formation.

Registration and licenses

Once you have decided on the form of business, you ought to register the business with the relevant authority and get the necessary permits from the local authority as well as the industry specific permits. Failure to register the business could lead to unnecessary delays while the business is running such as ceasing operations to get permits.

Tax obligations

Once the business is registered, it is important to ensure that the business has a Personal Identification Number, to enable it remit tax and file tax returns. The amount and type of taxes payable will be determined by factors such as the nature of goods and/or services, the source of the goods as well as the form of the business entity. Companies and partnerships can obtain separate PINS while a sole proprietor pays tax as an individual.

Funding

The business may require additional funding from individuals or other entities. Where acquisition of funding requires creating a security over the assets of the business or over personal assets, ensure that you get proper legal advice on the legal implications of the security over the company and over the individual business owners.

Premises

When starting a business, you may decide to enter into a lease agreement or to acquire property. When leasing, it is important to ensure that you discuss and create legally binding lease agreement with your landlord and that the terms therein protect your business against unnecessary interruptions. When buying, it is equally important to perform all due diligence on the property such as knowing the user of the property.

