Business Law

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Limited Liability companies are rapidly becoming one of the most popular business types for new businesses. It is equally important for small businesses and medium business organizations. It is a simple and more flexible type of business than a private limited company or corporation. It has the benefits of the sole proprietorship and partnership with the least legal requirements and documentation. It is legally protected the same as the corporations. The LLC has guarded against the personal liability, however, it has the advantage of escape from the double taxation which comes with a corporate form of business (Bourne, 2016). The owners of the business are taxed as the sole proprietorship such as the net income of the business is passed through the member's personal income taxes. The income of the business is treated as the income of the owners. It is not subjected to the federal taxes for which the corporations are liable. The laws related to limited liabilities companies are different in each state. Some legal structures of the business have the limit of the number of owners. The LLC form of business has no limit to the number of owners. An LLC may have one member-owner or hundreds of members as owners.

Fiduciaries are the people who work on behalf of another person, or persons to manage the business activities. Fiduciaries are the persons or organizations which owes to others the duties of trust and good faith. The fiduciaries are responsible for the general operations of the business however sometimes they are involved in finances, purchases, and other specific activities. The duties and responsibilities of fiduciaries are both legal and ethical. They have the legal rights to intervene and act in business matters. The fiduciaries are supposed to manage the business activities for the benefits of other persons, rather than personal benefits. The duties of fiduciary are the legal requirement of care and loyalty which applies to the person and organization in which there is a relationship of fiduciary and person or organization. A fiduciary could be a committee, person, an organization which is agreed to accept the legal ownership of the control of the business. It is generally described as the principal and agent relationship. The examples of fiduciaries are the trustee, board of directors, advisors, management, administrators, bankers, stockholders, and guardians.

The business judgment rules are the important requirements of the corporate duties by the officers and the directors of the company. The duty of care is the primary requirement of the directors and officers to act in a good manner and competently. They should make decisions with good faith and to be in the best interests of the company and its owners. This is the duty of fiduciaries to make all the decisions with good faith (Majumdar, 2017). The decisions that are made by the directors, officers, or other trustees must be for the best interest of the corporation. Finally, it is the legal and ethical responsibilities of the fiduciaries to be loyal and honest with the owners.

References

Bourne, N. (2016). Bourne on company law. Routledge.

Majumdar, A. B. (2017). The fiduciary responsibility of directors to preserve intergenerational equity. Journal of Business Ethics, 1-12.