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TOPIC 8. REGULATION, REGISTRATION AND SUPPORT OF THE ENTREPRENEURIAL ACTIVITY IN THE TEXTILE AND CLOTHING INDUSTRY

The course is developed under Erasmus+ Program Key Action 2:
Cooperation for innovation and the exchange of good practices [Knowledge Alliance](#)

ICT IN TEXTILE AND CLOTHING HIGHER EDUCATION AND BUSINESS

Project Nr. 612248-EPP-1-2019-1-BG-EPPKA2-KA

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AGENDA

- **Legislation**
- **Business Structures**
- **Organisational Structure**
- **Registration**
- **Institutional Support and Programmes for Entrepreneurship**



Learning goals and objectives

In this topic the students will learn about the legal requirements for starting a small business. They will learn about the advantages of the different types of business structures. The common organizational structure will be presented. The students will learn the steps for registering a business enterprise. They will be able to assess the risks, posed by various internal and external factors. They will learn about the opportunities to support entrepreneurial activity from various European Union institutions.

Short summary of content

Legal requirements for the business. Business structure types. Organisational structure. Steps for registration a firm. Risk management. European Commission programmes for entrepreneurship

Expected results

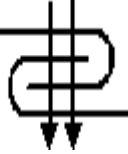
Students to be able to choose the right business structure for their business. To be able to manage all the risks concerning the legal requirements of their business and to know where to seek institutional support.



Entrepreneurial regulation. Basics of contemporary business:

- How to establish entrepreneurial business?
- How to find out the Institutional support for establishing entrepreneurial business?
- How to choose supporting programmes by regions and production?

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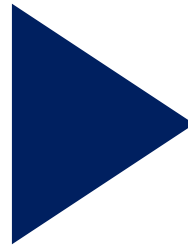


regulation



Legal requirements

For the success or failure of a business idea, the choice of legal form is not the most crucial, but in some cases it can lead to a small difference that tilts the scales in one direction or another.



For better professional judgment, entrepreneurs usually use qualified professionals



Legal requirements

01

Entrepreneurs carry out their activities primarily legally and in compliance with certain legal norms.

02

The main law that legalizes entrepreneurship and determines the legal form of business is the Commercial Law.

03

The choice of legal form is the first step in conducting a specific business.

04

Based on a comparative analysis of the various legal forms, the entrepreneurs chooses the most suitable for them.



Types of business structures

Sole trader

General
partnership

Limited
partnership

Limited
Liability
Company - Ltd.

Joint-stock
company

Limited
partnership
with shares



Types of business structures

- **Sole proprietorship** is the simplest and most common structure chosen to start a business. It is an unincorporated business owned and run by one individual with no legal distinction between the business and the owner. You are entitled to all profits and are responsible for all your business' debts, losses and liabilities. The business itself is not taxed separately-the sole proprietorship income is the owner's income. As long as you are the only owner, this status automatically comes from your business activities. Like all businesses, you will still need to register your business with the authorities, and obtain the right licenses and permits.



Types of business structures

- **Partnership** is a business where two or more people share ownership. In general, each partner contributes to all aspects of the business including money, property, and labor or skill. In return, each partner shares in the profits and losses of the business. Because partnerships entail more than one person in the decision-making process, it's important to discuss a wide variety of issues up front and develop a legal partnership agreement. This agreement should document how future business decisions will be made, including how the partners will divide profits, resolve disputes, change ownership (bring in new partners or buy out current partners) and how to dissolve the partnership.



Types of business structures

Partnership

- the partners are jointly and severally liable;
- no restriction on the type of founding persons;
- is not solely responsible for its obligations;
- the responsibility belongs to the partners;
- no relationship between the size and value of the company and the size of its liability;
- the personal property of each partner is a variable that affects liability without being able to monitor it.





Types of business structures

- **Limited liability company (Ltd.)** is a flexible form of enterprise that blends elements of partnership and corporate structures. It is a legal form of company that provides limited liability to its owners in the vast majority of jurisdictions. The "owners" of a Ltd. are referred to as "members." The members can consist of a single individual (one owner), two or more individuals, corporations, other Ltd., and even other entities. Unlike shareholders in a corporation, Ltd. is not taxed as a separate business entity. Instead, all profits and losses are "passed through" the business to each member. Ltd. members report profits and losses on their personal tax returns, just like the owners of a partnership would.



Types of business structures

Joint-stock company

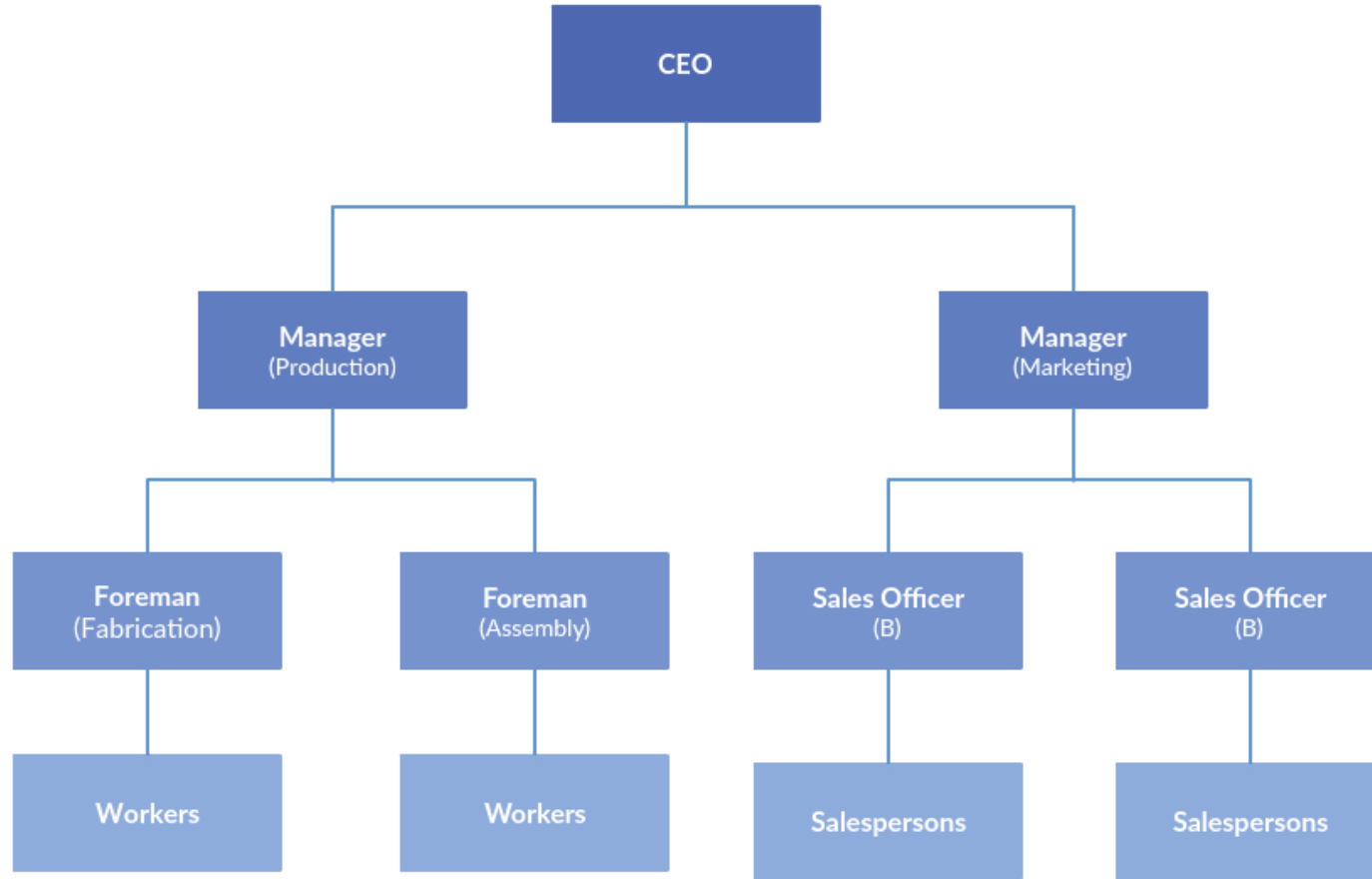
- established by a statute;
- capital is divided into equal parts called shares;
- the shareholders are not required personally to participate in the activities;
- presupposes the accumulation of huge capital.



Other legal business entities include corporations, non-profits, and cooperatives. If you are unsure which business structure is best for your business, seek advice from a lawyer who specializes in business structures.



Organisational structure



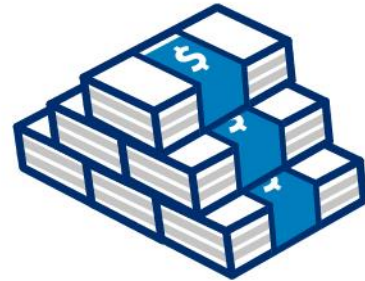


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Registration



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Registration process



Choose the company type

IDEAL BUSINESS FORM

The first step for company formation is to determine the legal business form that will be incorporated and registered with the authorities. The private or the public limited companies are often used.



Prepare the company papers

CORPORATE DOCUMENTS

The Articles of Association are the company's documents for incorporation, the ones that include all of the essential information about the business. They are drafted and used for registration.



Execute the deed

THE DEED OF INCORPORATION

A company is incorporated by means of a public deed executed in front of a public notary in Italy. The founders sign the incorporation documents in front of the notary public.



Register with the Trade Register

FORMAL REGISTRATION

Once the public deed is executed, the founders gather the proof of minimum capital payment as well as other documents such as specimen signatures and register the business with the Business Register.



Register for other purposes

VAT AND TAX REGISTRATION

The company can now be registered with the tax authorities, for VAT purposes as well as for employment purposes. Any mandatory business permits are applied for during this stage.



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Registration

- Register the name of your company. Company name and brand name can be the same or different.
- Open a company's bank account.
- Register the company's address.
- Tax registration.
- Register for permits and licenses with the local authorities.
- Register a domain and get a website.





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Institutional support for entrepreneurship

- Coordination;
- Industrial development;
- Technical support;
- Educational support;
- Financial support.



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European Commission programmes for entrepreneurship

The European Commission supports entrepreneurs by strengthening entrepreneurship education, mentoring, guidance and other support services. Actions support specific groups who may find it difficult to reach their full potential, such as young people, women and senior entrepreneurs. The programs also aim to help businesses access opportunities offered by digital technologies.



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European Commission programmes for entrepreneurship

The European Commission sees entrepreneurship as acting upon opportunities and ideas and transforming them into value for others, which can be financial, cultural, or social. The EU entrepreneurship policy aims to support companies, in particular SMEs, throughout their life cycle, promoting entrepreneurial education at all levels, as well as reaching out and encouraging specific groups with entrepreneurial potential.

[EISMEA](#) - The Agency implements the European Innovation Council and manages other EU programmes, focusing on SME support, innovation and the single market



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EU supporting entrepreneurs in general

EU create an environment where entrepreneurs can flourish and grow:

- [Supporting start-ups](#)
- [Transfers of business](#)
- [Insolvency and second chance](#)



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European programmes for entrepreneurship support

- [COSME programme](#)
- [Horizon 2020](#)
- [EEN network](#)
- [Digital agenda for Europe – startup Europe](#)
- [Start-up Europe road show](#)
- [Structural funds](#)
- [European Investment Fund](#)
- [European Investment Bank](#)
- [SME week](#)



COSME programme

COSME supports entrepreneurs by strengthening entrepreneurship education, mentoring, guidance and other support services. Actions support specific groups who may find it difficult to reach their full potential, such as young people, women and senior entrepreneurs. The programme also aims to help businesses access opportunities offered by digital technologies.

[Download the poster](#)

Improving business conditions

COSME aims to reduce the administrative and regulatory burden on SMEs by creating a business-friendly environment. COSME also supports businesses to be competitive by encouraging them to adopt new business models and innovative practices. This complements actions in areas with high growth potential such as the tourism sector.



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ERASMUS or YONG ENTREPRENEURS PROGRAM

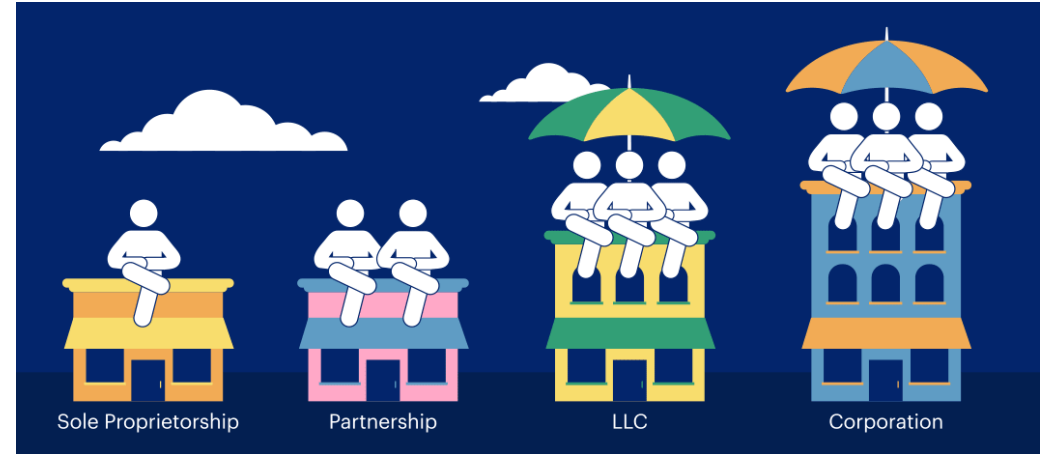
Erasmus for Young Entrepreneurs aims to boost Europe's entrepreneurial culture. The programme:

- reinforces entrepreneurial attitudes by offering skills, knowledge and experience.
- increases the number of start-ups and boosts their resilience.
- fosters the cross-border transfer of ideas, knowledge and cooperation between small firms.
- helps small firms to network, innovate, and go international.
- helps to create jobs.



Assignment 1

As a start-up you have to decide which legal form of company you will have. In this case you will start describing the forms of business ownership in the private sector, learning about their specific advantages and disadvantages. Finally you can do an exercise where you have to work out the legal forms of business ownership in your country. You also have to pay attention to the Societas Europaea, the European form of business ownership. Which form you will select depends on several reasons like how much starting capital you need and how much a private person or persons can invest.





Assignment 2

Write a partnership agreement as if you were going into T&C business with partners. Assume that some partners can work 40 hours per week and others can only work 20 hours. Also assume that some partners can contribute 5,000 euro each to setting up the business and others can contribute 1,000 euro. Be certain to specify in the agreement how the profits will be divided among the partners.





Questions for discussion

- What are the legal consequences of each form of business organisation?
- Name one advantage and one disadvantage of a sole trader over a partnership.
- Who owns a cooperative?
- Determining the country or local requirements for starting a business.
- What aspects of a proposed business should an entrepreneur consider before choosing a type of business ownership?
- Identifying tax collection and reporting requirements.
- Described environmental regulations that may impact your business.
- Examine ways small business owners can manage legal risks.
- Where can you find detailed information about legal requirements and registration of your business?



Questions for discussion and task

- What are the legal consequences of each legal form, how many persons will start up a company?
- You want to start a sole proprietorship T&C retail business that employs several people. Research the steps necessary to comply with government requirements for setting up your business. Summarize your research.

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