



How to Incorporate or Form an LLC: Step-by-Step Guide for Business Owners

Description

This is a follow-up to my previous post regarding business structure. As you can imagine, my advice regarding business structure is almost always a recommendation to incorporate or form an LLC. While neither of these is all that difficult to complete, you must follow certain rules and procedures in order to do it properly.

In addition, each state has its own rules, so I can only provide generic assistance in this forum. I highly suggest that you work with your accountant and attorney to decide which type of entity to form, and get their help with the formation, documentary requirements, and on-going administrative assistance. With any luck, this will be a painless process, and you can have your company formed in just a few days.

If you want to perform this process yourself, please visit our sponsor below to secure the necessary forms. The incorporation kit includes instructions for each state in which you may want to set-up your entity. The first step is to decide which state you want for your corporate home. Wyoming, Nevada, and Delaware are the friendliest states in which to incorporate.

One big advantage of a Nevada corporation is that you don't have to issue your shares or reveal the names of your stockholders. If privacy is an issue, this is a good place to call your corporate home. Your CPA and attorney can help you make this decision.

You must also file as a foreign corporation in each state in which you have a physical presence. For example, if your corporate home is in Wyoming, but you really do business in California, then you will need to also register your corporation with the Secretary of State of California, and pay the requisite fees.

Filing instructions for a corporation or an LLC are quite similar. Where they differ is in the amount of administration that is required. Many people who form LLCs are under the incorrect assumption that they don't need to be as careful about keeping the business separate from their personal lives.

It is possible to lose the protection of an LLC, much the way one would "pierce the corporate veil." You must maintain the LLC as a separate entity from your person, in order to keep your liability protection in place. Also, you may have to pay the same franchise fee every year, whether you form an LLC or

corporation.

Each state may have requirements that you update your registration on a regular basis. This could be an annual or biannual requirement. Again, have your CPA or attorney do the research for each state in which you will register.

I highly recommend that you have a complete library of commonly-used business forms available on your computer at all times. Having these forms handy can save you a ton of time and thousands of dollars in attorneys' fees.

The forms available from our sponsor have all been reviewed by attorneys, and are probably valid in all states. Double-check with your own attorney prior to using these forms, but you should be able to save a ton of money (not to mention time) by not having to ask your attorney to create these forms for you.

While this article can only provide a limited amount of information with regard to the process, I hope that it has provided enough to get you started. In short, see your CPA or attorney in order to form an LLC or corporation.

If you feel confident enough that you can perform the process yourself, then visit our sponsor below, and use the incorporation/LLC kit to get started. I wish you luck in your new venture!

See also:

[CHOOSING THE RIGHT BUSINESS STRUCTURE](#)

Category

1. Entity Structure

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Author

djntwk