# Ready to Launch Your Business? Learn How to Form an LLC with Confidence

Jonathan Feniak, MBA, Esq., Lead Attorney





#### What to Expect



Introduction to LLCs and Corporations



Key benefits of forming a legal entity



Choosing the right entity type for your business



Anonymous LLCs and protecting your privacy



Compliance requirements for liability protection and tax benefits



Q&A session



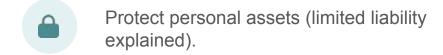


- Where are you calling from?
- What kind of business are you running?
- How long have you been running it?

Answers will remain private



### Why Form a Legal Entity?



Establish credibility with customers, vendors, and partners.

Tax advantages and tax flexibility.

Ease of compliance and scalability for future growth.



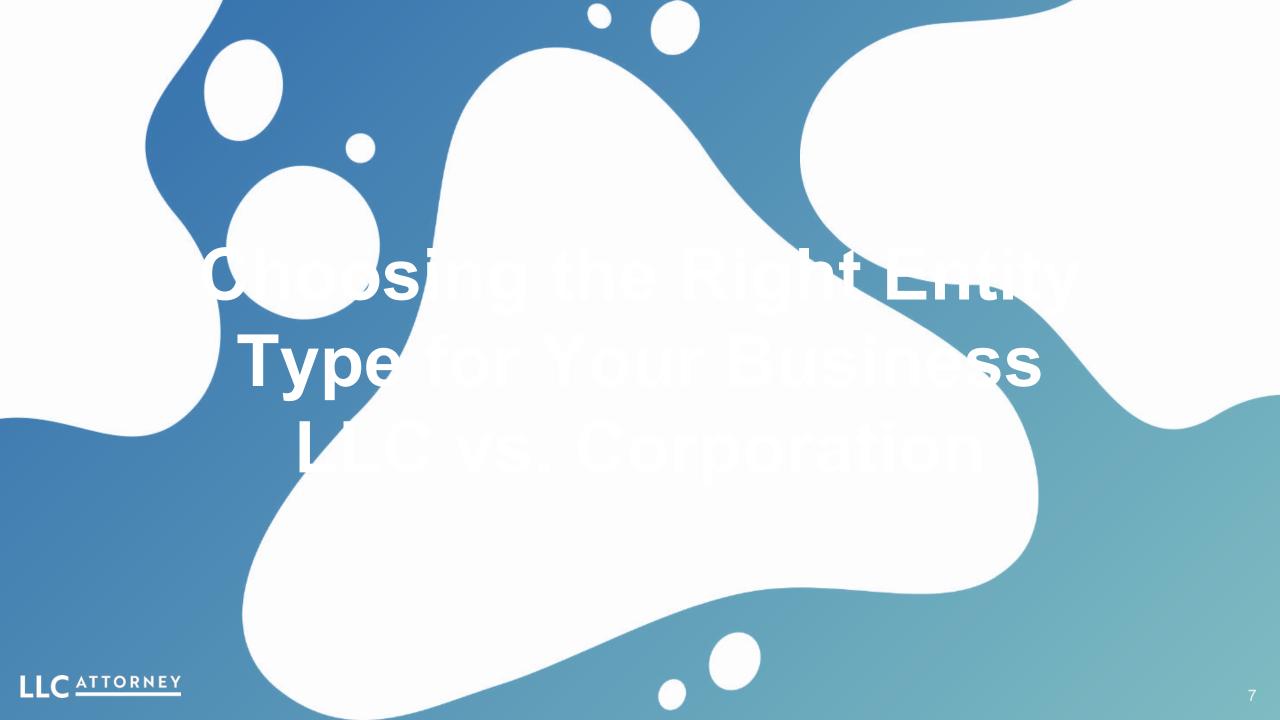




#### Have you been putting off forming because:

- It seems too complicated
- It's too expensive
- I'm not sure which entity type is right for me
- I'm not sure which state to form in
- I don't think I need one yet
- I have already formed!

Answers will remain private



#### LLC vs. Corporation



Ownership structure



Management flexibility

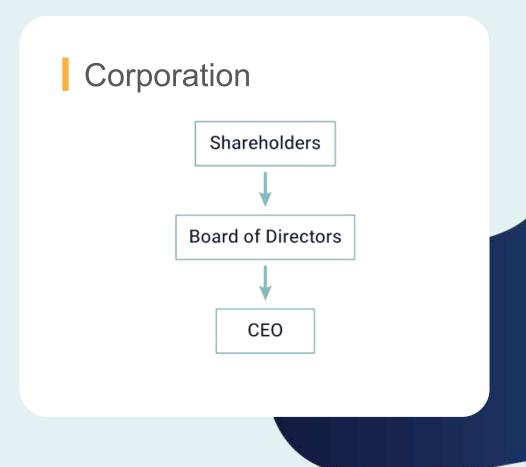


Taxation options



#### **Ownership Structure & Management**







#### **Taxation Options**

#### LLC

- Default disregarded entity
- Can choose S-Corp or C-Corp status

#### Corporation

- Default C-Corp
- Can choose S-Corp status



#### LLC vs. Corporation



#### Corporation

Startup seeking to attract venture capital funding

Business aiming to go public in the near future

#### LLC

Small Business or Side Hustle

Real Estate Investment

Family-Owned Business

Freelancer or Consultant





### What Should You Choose?



Probably an LLC



Keep it simple now, convert later if you need





### Do I Need to Form My Company in My Home State?

Storing inventory or owning property in the state.

Having a physical location, employees, or significant business activity in a state.

Generating a certain level of revenue in the state.

Are you "Doing Business" in the state?



#### **Delaware**



Pro-business legal environment.



Preferred by large corporations due to its Court of Chancery for business disputes.



#### **Drawbacks**

Annual franchise tax can be costly. Lack of Privacy.







#### Nevada



No state income tax or corporate tax.



Privacy-friendly laws.



#### Drawback

Higher initial and ongoing filing fees.



#### **Wyoming**



No state income tax.



Low filing and annual fees.

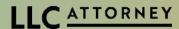


Strong privacy protections (e.g., no public disclosure of LLC members).





## Anonymous LLCs and Protecting Your Privacy



### Someone May Try To Figure Out Where You Live And What You Own

Privacy vs. Anonymity

7

Reducing your attack surfaces

3

You can't unring the bell

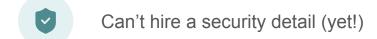


#### **Privacy vs. Anonymity**





### Reducing your attack surfaces





Secretary of State Records

Property Records

Nominees





#### You Can't Un-Ring the Bell



Once your information is disclosed, it's out there



Misinformation

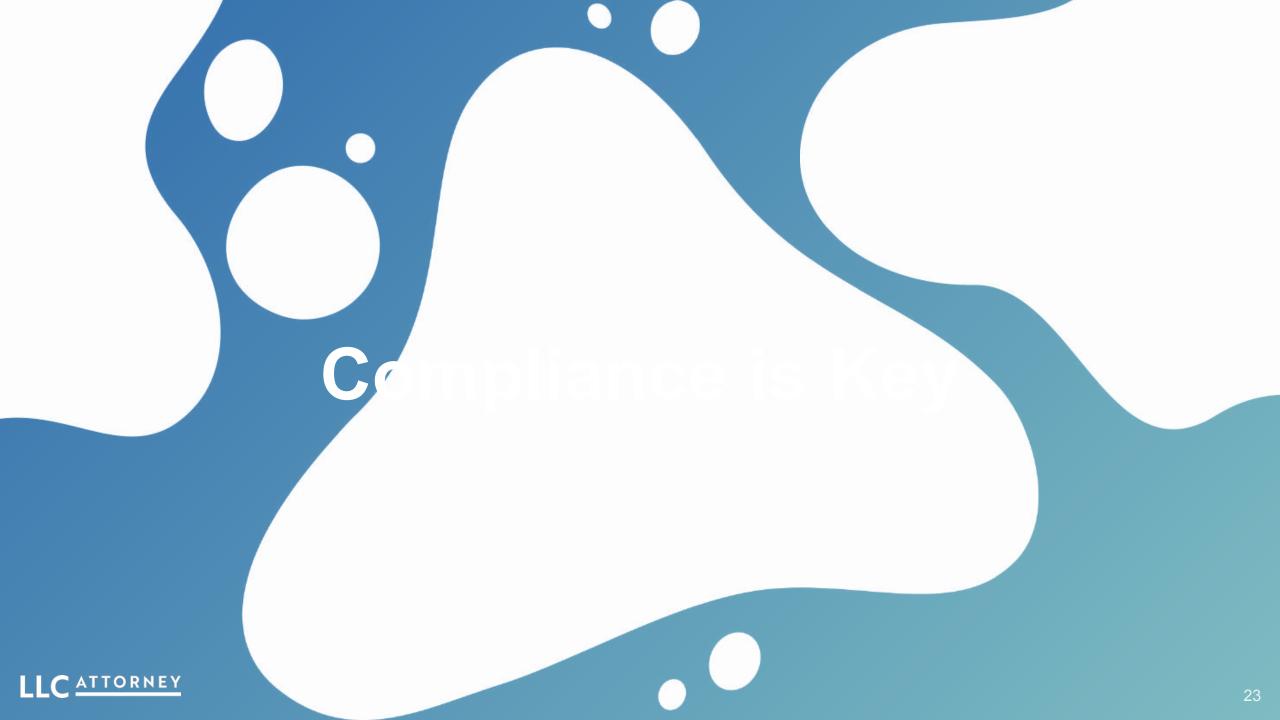


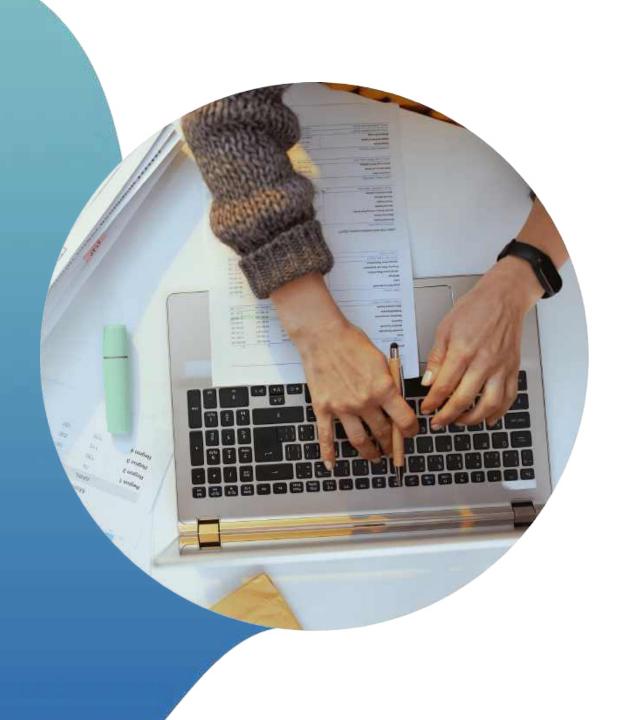
Disinformation



Rebuilding



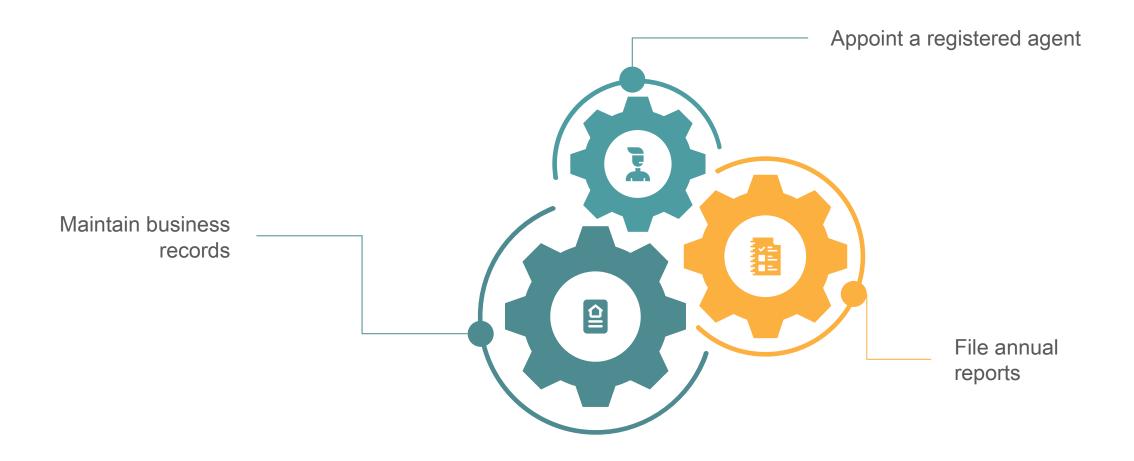




### **Creating a Stronger Veil**

- **01** Avoiding "veil piercing"
- Oz Creating a clear distinction between personal and business activity
- **O3** Avoid commingling assets
- **04** Avoid "Living out" of the business
- Signing ContractsCompany Name
  - By: Jonathan N. Feniak
  - Title: Manager

#### **Legal Compliance**





### **Business Entities – the Limits of Protection**

Helpful with these types of claims

**Contract Disputes** 



**Employee Claims** 



Copyright Infringement Claims



## Sometimes You Can't Separate Yourself From the Company

What's easier than "piercing the veil"? Sue everybody!

Holding individuals personally liable for company actions

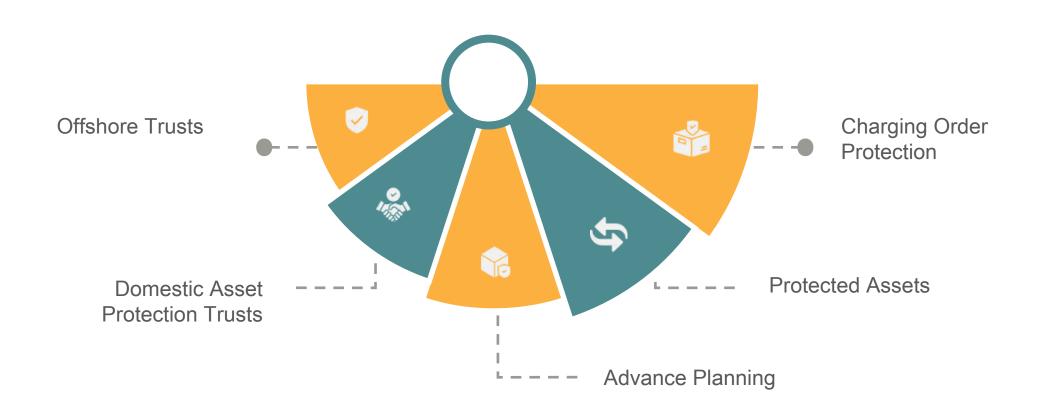
#### Likely when these are involved

- Federal Trade Commission
- Securities and Exchange Commission
- State regulators
- Aggressive plaintiff's attorneys





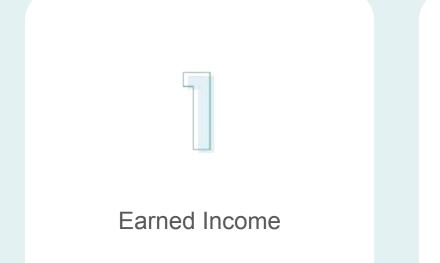
#### **Personal Asset Protection**







#### **Different Types of income**







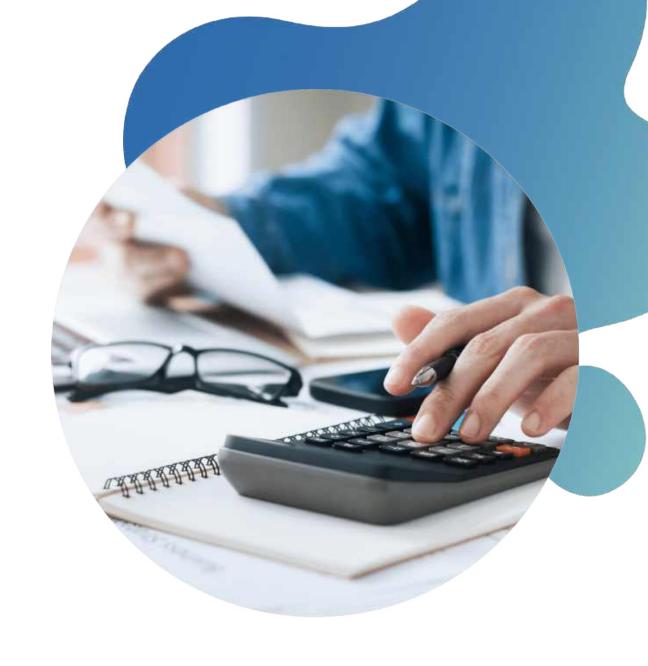


### You Will Have to Pay Taxes.

One, Two, or Three Types of Taxes May Apply

#### Subject to

- A Federal Income Tax
- B State income Tax
- c FICA Tax
  - 12.4% of income up to \$168,600
  - 2.9% of income with no limit
  - 0.9% of amount above \$200,000





#### **Reducing Taxes**

#### **Deductions** reduce all taxes

Take every valid business deduction...and keep meticulous records so you are "audit proof"



#### **State Income Taxes**

#### Move to a low tax state:

- Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington and Wyoming
- Puerto Rico!





## Reducing Taxes by Changing Tax Classification



Entity Type is determined at the state level

- LLC
- Corporation



Tax Classification based on

- Default Rules OR
- Federal Election

### Reducing Taxes with S-Corp Classification

#### FICA Tax



LLC or Corporation can make S-Corp tax election



All Income "passed through" to owners, but divided into

- Reasonable salary subject to state, federal, and FICA taxes
- Distribution subject to state and federal taxes





#### When an S-Corp Does Make Sense

#### **Consider When**



### Reducing taxes With C-Corp Classification

**Federal Income Taxes** 



Single and Multi Member LLCs "pass through" all income to owners and owners pay taxes on all income at personal rates



LLCs can elect to be taxed as a C-Corp



C-Corps can pay salaries to owners that are taxed at personal rates and "retain earnings" that are taxed at C-Corp rates (21%)



"Retained earnings" can be reinvested in company, compounding at 21% rate, and then paid as dividends to owners at a later date



#### When a C-Corp Does Make Sense

#### **Consider When**



#### **General Rules**



Initially, Choose Disregarded Entity classification or Partnership Classification, Not C-Corp or S-Corp Classification



Evaluate if the company could benefit from an S-Corp or C-Corp election at the start of every year and make the election if the math supports it.



Keep good records, make quarterly payments, file returns as required



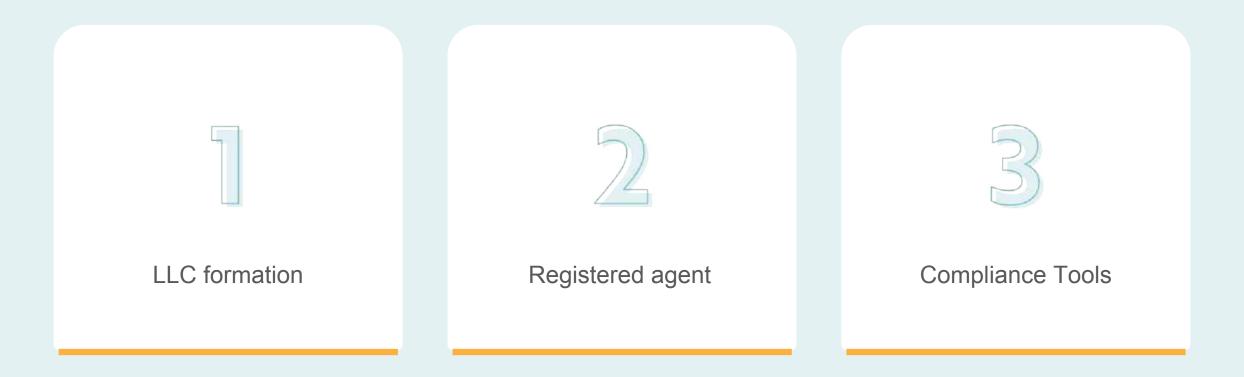


#### After learning about LLC formation today, my next step will be:

- Form my LLC immediately (within the next 48 hours)
- Form my LLC within the next week
- Review my specific business needs with an expert
- Still undecided need more information
- Already formed my LLC attending for additional education only

Answers will remain private

#### **How We Can Help**



#### **How We're Different**

- 24 Hour Filing
- No Extra Charge for Privacy
- No Hidden Fees

#### **Our Pricing**



Starting at \$49 + State Fees (One time fee)

Starting at \$14.99/Month



#### Which webinar topic would interest you most?

- How to stay compliant
- How to keep personal information private
- How to manage LLC finances
- How to form a holding company

Answers will remain private

## 50% off with code LEARN550 Until Monday, June 9th

