



Issues with the Formation of a New Business

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Choice of Entity

LLC

Partnership

Corporation
(S or C)

Formation

- Filing with the Secretary of State
- Tax ID Numbers
- Business License



Articles of Incorporation or
Certificate of Formation

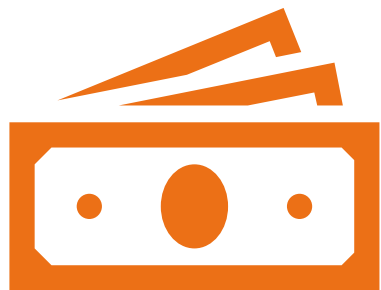


Bylaws



Shareholder Agreement/LLC
Agreement

Organic Documents



Initial Capital



Additional Capital

Capital

Allocation & Distribution

Corporations:

- tax consequences of profit / loss set by IRS and cannot be modified
- distributions / dividends must be made in proportion to stock ownership

LLCs:

- tax consequences of profit / loss can be determined by agreement (mostly)
- distributions made by agreement – do not need to be made in proportion in membership

Management

Corporations:

- Directors
- Officers

LLCs:

Member Managed

Manager Managed

Transfer
Issues

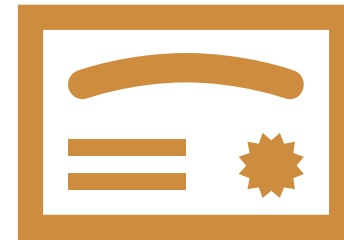
Voluntary

Involuntary

Dissolution



Articles of Dissolution



Certificate of Dissolution

Conclusion

Plan Carefully!

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