

Ready to start your own business?

Lets plan & build towards a successful future together!

Clientax Inc. has the knowledge and experience to help their clients feel confident and be in a business-ready position. There are many important steps that need to be taken to get a business started and Clientax Inc. will be there through them all.

During the planning stage of your business you will need to select a business structure. You will need to decide which structure best fits your needs by evaluating tax advantages, legal exposure, ease of operation and portability, should you need to relocate. Your choices include:

(LLC)	"C Corp"
Limited liability corporation	General Corporation
"S Corp"	(Not for Profit)
S Corporation	Non Stock Corporation



Let's discuss these business structure basics:

Limited Liability Company

Limited Liability Company or LLC is usually considered the easiest and most flexible way to start a business. Clientax Inc. is knowledgeable in the proper procedure of setting up an LLC in all 50 states. Together we will go through all the requirements, which include:

1. Choosing the state you want to organize your LLC
2. Decide on a business name for your Limited Liability Company (LLC)
3. Find out the availability of your LLC's chosen business name, and check for any similar existing business names.
4. Register your LLC name
5. Create and sign an LLC Operating Agreement
6. Write your LLC's Articles of Organization
7. Obtain an Employer Identification Number.
8. File your LLC's Articles of Organization with the Secretary of State office in your state.
9. Obtain business licenses and permits from the federal and state government for your LLC

An LLC provides business owners with the liability protection that corporations enjoy without the double taxation. Earnings and losses pass through to the owners and are included on their personal tax returns.



The General Corporation

General Corporation "C Corp" is formed when a company is planning to go public or has a large group of investors. A general corporation has three tiers of powers, the shareholders, the directors and the officers. Creating a C Corporation is a little more complicated than forming a limited liability company but don't worry, Clientax Inc. will guide you throughout the process! Some unique steps in creating a Corporation include:

- » Filing Articles of Incorporation
- » Appointing initial directors
- » Writing your bylaws
- » Issuing stock
- » Holding Directors' meetings

The biggest benefit for a business owner who decides to incorporate is the liability protection they will receive. A corporation's debt is not considered that of its owners, so if you organize your business as a corporation, you are not putting your personal assets at risk. A corporation can also retain some of its profits without the owner paying tax on them.

What's the difference between an LLC and a Corporation?

If you are still unsure which business structure is right for you, consider these Pros and Cons:

LLC

Pros	Cons
The flexibility of being taxed as a sole proprietor, partnership, S corporation or C corporation.	You don't receive a paycheck. Instead, each member has a capital account, which is the member's share of the ownership of the LLC
Less paperwork and lower filing costs	High renewal fees or publication requirements can be costly, depending on your state.
You can form an LLC as a single member but you can also have an unlimited number of members.	Many states have a franchise or capital values tax on LLC's, ranging from a flat fee to an amount based on the company's revenue
Simple flow-through income taxation	Investors are usually more likely to put their money into a corporation, which could make it harder to raise financial capital
Members are protected from some (or sometimes all) liability if the company runs into legal issues or debts.	Unless you are running the LLC alone, the ownership of the business is spread across its members (this can also be considered a pro)
Members can receive revenues (and write off forfeitures) that are larger than their individual ownership percentage.	

Corporation

Pros	Cons
Owners are separate from legal liability so they're not entirely responsible if they are faced with legal issues or debt.	Creating a Corporation is time consuming, expensive & includes a lot of paperwork.
Ability to sell stock, which raises the likelihood of acquiring financial capital.	More regulations, which makes for very little flexibility.
Well established structure with clearly defined roles, accountabilities and agendas.	Possibility of double taxation (where both the corporation's profits and stockholder's paid dividends are taxed).
Employees have the option to buy stock at a fixed-in price, and receive stock benefits.	

"S" Corporation

S corporations are corporations that elect to pass corporate income, losses, deductions, and credits through to their shareholders for federal tax purposes. Shareholders of S corporations then report the flow-through of income and losses on their personal tax returns and are assessed tax at their individual income tax rates. This allows S corporations to avoid double taxation on the corporate income.

Here's an overview of a S Corporation "S Corp":

- » Must file for IRS Subchapter S Status
- » All shareholders must be US residents
- » Shareholders cannot be affiliated with any other companies
- » Pass-through tax treatment
- » Investors can write off early losses
- » Avoids double taxation on dividends
- » Maximum of 100 shareholders
- » Limited to one class of stock
- » Cannot own or manage large blocks of affiliated companies



The Non Stock Corporation (Not for Profit)

Starting and sustaining a nonprofit is not an easy task. Clientax Inc. applauds your commitment to helping others! Youth sports organizations, homeowners associations, churches, animal rescues and educational foundations are just a few examples of groups that would usually be interested in creating a nonprofit corporation. Typically, nonprofit corporations will seek tax-exempt status under section 501(c)(3) of the IRS code.

One of the most important requirements for tax exempt status is the inclusion of proper language in Certificate of Incorporation that limits the company's mission to tax exempt purpose.

Clientax Inc. will walk you through this process with the utmost care.

Here is an overview of a Not for Profit structure:

- » The option to file for non-profit status
- » Board of Directors are elected by voting members
- » Board of Directors manage the corporation
- » Membership qualification are defined in the by-laws
- » Must create a mission statement for their corporation

Feeling overwhelmed by all of this information?

We understand! Clientax Inc can help you:

1. Choose the business structure that best fits your goals and plans.
2. Evaluate your budget and needs to select the right accounting software.
3. Establish a cash flow budget. (A cash flow budget allows a company to establish the amount of credit that it can extend without having problems with liquidity)
4. Create billing and collection procedures to organize your cash flow
5. Institute procedures to monitor and control costs
6. Explore all opportunities to maximize your tax deductions.
7. Prepare and file all required state and federal licenses and permits
8. File your application for your Federal Employer Identification Number.
9. Provide payroll & tax filing when you hire your first employee
10. Explore and recommend what business insurance your company may need

