

A blue-tinted background image showing two business professionals shaking hands. One person is holding a laptop. The scene is set in an office environment with a window in the background.

Should Your Clients Incorporate  
Now or in the New Year?





## Nellie Akalp, CorpNet CEO:

Nellie Akalp is an entrepreneur, business expert, professional speaker, published author, and mother to four amazing kids. Nellie has dedicated her entrepreneurial career to helping other entrepreneurs and business professionals succeed at business ownership.

As CEO and Co-Founder of CorpNet.com, she has helped more than half a million small businesses and licensed professionals get their businesses and clients off the ground. She has developed a strong following within the small business community and has been honored as a Small Business Influencer Champion and was named women entrepreneur of the year by NAWBO.

# Today's Agenda

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**Goal:** Understand your options as to when one should incorporate or form an LLC.

- Benefits of Business Incorporation
- Business Entity Refresher Course
- When to Incorporate
- Delayed Filing
- Other Considerations
- Helpful Resources



# Benefits of Business Incorporation

# Benefits of Incorporating

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At this time of year, many sole proprietors and general partnerships may be wondering if it's time to create a formal business structure. If your client is still on the fence, here are some major reasons a small business would choose to incorporate or form an LLC:

- There are business liability concerns
- They want to start building business credit
- They want to issue stock options
- There's a risk of misunderstanding among founders/partners
- There are potential tax advantages associated with a corporation or LLC

A blue-tinted background image showing a business meeting. Several people are gathered around a table, looking at documents and a laptop. One person is holding a pen over a document, and another is holding a small card or document. The scene is brightly lit, suggesting an office environment.

# Business Entity Refresher Course

# Popular Entity Choices

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If you have clients that come to you for advice on selecting a business entity, it's important for you to be educated on all of the options to select the best fit.



## Business Formation Options

<b>Sole Proprietorship</b>	<i>A Sole Proprietorship is easy to form, but it offers little liability protection, funding options, and opportunities for future growth.</i>
<b>General Partnership</b>	<i>A General Partnership is the most basic form of partnership. It is comparable to a sole proprietorship, but it must have at least two owners or partners.</i>
<b>C Corporation</b>	<i>The C Corporation is the most common form of corporate entity. The C Corporation is owned by shareholders. The shareholders elect a board of directors to create and direct the high-level policies of the business.</i>
<b>S Corporation</b>	<i>A S Corporation is different from a C Corporation in two significant ways: (1)An S Corporation makes an election to be taxed as a “pass-through entity” and (2)An S Corporation has limitations on ownership.</i>
<b>Limited Liability Company</b>	<i>A Limited Liability Company is a popular business structure because it combines the liability protection offered by incorporation while retaining some of the tax advantages of a Partnership or Sole Proprietorship.</i>
<b>Professional Corporation</b>	<i>Individuals who provide a professional service can also benefit from forming a Professional Corporation. Where a business provides a professional service, most states have special filing requirements when incorporating.</i>



# When to Incorporate

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# Timing Options

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Now that you and your clients are aware of their business formation options and the benefits of incorporating or forming an LLC, you both need to decide the **best time** to file the paperwork. General options are:

- Mid-year
- End-of-year
- January 1

# Mid-Year Considerations

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When forming an LLC or incorporating a business mid-year a business needs to submit **two sets of tax forms** when filing. Many business owners prefer to avoid this.

- Tax return for the business entity type it operated as during the months before its incorporation date
- Tax return for the LLC or Corporation for the months it operates as such for the remainder of the year

# End of Year Considerations

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December tends to be an extremely hectic month for Secretary of State offices across the country. Many entrepreneurs want to get their LLCs and corporations registered for the New Year, so expect a **back log** of filings.

- Registering a business at the end of a calendar year is the busiest time of year for most states
- What might take just a few weeks normally can take a lot longer
- Waiting until December to register a business could mean that your application gets backed up into February or March

# January 1 Considerations

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Besides December, January is the next busiest month for Secretary of State offices. Entrepreneurs find a January 1 start date to their Corporation or LLC has perks.

- January 1 gives a clean start so that a business only needs to file one set of tax forms for the current tax year
- In states that levy LLC franchise taxes, an LLC that files with effective date of January 1 would not have to pay fees for prior year
- The same applies to other corporate formalities when a business entity has an effective date of January 1

If December and January are busy months, how can I get a January 1 effective date for my clients' business?

A man in a dark suit stands with his back to the camera, looking out over a vast, open landscape. The scene is overlaid with a semi-transparent blue filter. Numerous white, rectangular shapes resembling papers or documents are scattered throughout the air, some appearing to float or fall, creating a sense of motion and urgency. The overall mood is one of contemplation and the consequences of delay.

# Delayed Filing

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# What is a Delayed Filing?

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- A delayed filing provides control over when a corporation or LLC goes into effect
- In states that allow delayed effective filing dates, business owners can set the date when they want their company to be officially filed with the Secretary of State, yet file the paperwork now to prevent delays
- Entrepreneurs can select an effective date of January 1, which makes things nice and clean, yet can get all of the paperwork done ahead of time

# Advantages of a Delayed Filing

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- Streamline the tax filing process
- Avoid processing delays due to the end-of-year rush
- Avoid paying state franchise taxes and compliance paperwork for the year registration forms were submitted
- Have ample time to sort out other requirements
- A delayed filing can be used for a new business or to change the entity of an existing business

# When to Submit a Delayed Filing

Different states have different rules as to how far in advance they will receive a delayed filing or if they will accept it at all.

Example State Requirements	
<b>Alabama</b>	Up to 90 days
<b>California</b>	Up to 90 days
<b>Delaware</b>	Up to 180 days
<b>Florida</b>	Up to 90 days
<b>Illinois</b>	Up to 60 days
<b>New Jersey</b>	No limit
<b>Pennsylvania</b>	No limit
<b>Rhode Island</b>	Up to 30 days
<b>Texas</b>	Up to 90 days
<b>Virginia</b>	Up to 15 days

States that do NOT allow delayed effective days
<b>Alaska</b>
<b>Connecticut</b>
<b>Hawaii</b>
<b>Idaho</b>
<b>Louisiana</b>
<b>Maryland</b>
<b>Minnesota</b>
<b>Nevada</b>

# How to Request a Delayed Filing

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<b>1</b>	<b><i>Choose the Business Structure</i></b>
<b>2</b>	<b><i>Decide on the Effective Date</i></b>
<b>3</b>	<b><i>Submit the required paperwork identifying the delayed effective date</i></b>

- As you complete the forms to establish an LLC or Corporation, specify the number of days after the filing when you want the business structure to be effective
- Make sure Articles of Incorporation and/or Articles of Organization reflect effective date
- If your state does not have a designated provision within the Articles of Incorporation or Articles of Organization, you can add one in as an additional provision

A woman with long dark hair, wearing a black top with white polka dots, is smiling and leaning on a desk. She is positioned behind a computer monitor and several binders. The background is a blurred office setting. The text "Other Considerations" is overlaid in white on the image.

# Other Considerations

# Tax Savings

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- Delayed Filing is not for everyone
- Some consultants or other professionals may need to incorporate or form an LLC to secure a particular client
- Tax benefits could be significant that it makes no sense to wait
- Could be better to receive tax savings for the remainder of the year and deal with added paperwork of income taxes and annual reports

# Legal Protection

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- Legal protection of personal assets from liability owned by the company may be needed sooner rather than later
- No time like the present for asset protection

A woman with long dark hair and glasses is shrugging her shoulders with a questioning expression. The background is a teal color with a pattern of white question marks. The text "Recap: When to Incorporate?" is overlaid in white.

# Recap: When to Incorporate?

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## Recap

<b>Incorporate mid-year</b>	<i>If you incorporate mid-year, expect additional paperwork including tax forms and annual reports.</i>
<b>End of Year Rush</b>	<i>Expect an 'end of year rush' with many filing requests this time of year.</i>
<b>Delayed Filing</b>	<i>Take advantage of a Delayed Filing 30 - 90 days in advance of your requested effective date in most states.</i>
<b>Tax Benefits</b>	<i>Tax benefits for incorporating could be significant that it makes no sense to wait.</i>
<b>Legal Protection</b>	<i>Legal protection of personal assets from any liability owned by the company may be needed sooner rather than later.</i>

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# Helpful Resources

# Our Tools Are Your Resources

## Welcome to B.I.Z.!

*Your* Business Information Zone

The secure, cloud based Corporate Compliance Tool available to EVERYONE... for FREE!

## Corporate / LLC Kit

The screenshot shows the CorpNet B.I.Z. Dashboard. At the top, there is a navigation bar with the CorpNet logo, 'Business Information Zone', and menu items for 'Dashboard', 'Companies', and 'Orders'. A user profile 'Hi Corpnet-Inn' is visible on the right. Below the navigation bar is a teal header 'Home / B.I.Z. Dashboard'. The main content area features five action cards: 'Place an Order for New Business', 'Place an Order for Existing Business', 'Monitor Company / Add New Company', 'Check Order Status', and 'Update Your Profile'. Below these cards is a summary section with four metrics: 536 Total Companies (Add New Company), 160 Total Orders (Start New Business), 3 Total Documents (Manage Documents), and 46 Total Alerts (View Alerts). At the bottom, there is a 'Recent Alerts' table with a 'View All' link.

Company Name	Event	Due Date	
Azzi 3 LLC	Initial Report Filing Due for California, USA	Past Due	<a href="#">Order Now</a> <a href="#">Dismiss</a>
Amanda Test Inc.	DBA / Tradenames Due for California, USA	Past Due	<a href="#">Renewal in process</a> <a href="#">Dismiss</a>
Fake Burgers, Inc.	Annual Report Filing Due for Connecticut, USA	Past Due	<a href="#">Dismiss</a>



## Meeting Minutes Templates

## LLC Operating Agreement

# CorpNet.com Partner Program

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## Private Label: Resell CorpNet Services

- Offer business formation and compliance.
- CorpNet is a silent, white labeled partner.
- CorpNet never contacts your client.
- All documents, alerts, and information are sent directly to you without labels.
- You will have a Dedicated Account Manager who knows your specific requirements and is available to you for whatever you need.

## Referral Program: Refer Your Clients

- Refer your clients to CorpNet and they will receive white glove treatment.
- A dedicated account manager will work with your clients to ensure a personalized experience and a “hand-off” back to you when the process is complete.
- Earn commissions up to 25% or pass the savings to your client.

**Participating in both our Reseller and Referral partner programs is ok!**

**[CorpNet.com/partners/](https://corpnet.com/partners/)**



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