

If you decide to form an entity, below is a summary of the key filings and tasks required when beginning a new corporation or limited liability company in California.

1. File partnership, corporate or limited liability company papers with the Secretary of State's office. \$70 for an LLC, \$100 for a corporation, pay the extra \$5 to get certified copy. Forms available [HERE](#).
2. Draft Bylaws (corporation) or an Operating Agreement (LLC), prepare minutes/resolutions of the initial meetings to name officers, establish bank accounts, approve certain expenses.
3. Obtain an EIN from the Internal Revenue Service. Apply online and additional instructions available [HERE](#).
4. File S-chapter Election if applicable. Form 2553 available [HERE](#). This must be filed within 90 days of formation of the corporation will not be granted s-chapter taxation status. The deadline is critical.
5. File a Statement of Information with California Secretary of State within 90 days of formation of new entity. The form for corporations may be submitted online while forms for LLCs must be printed and submitted by mail. The 'agent for service of process' may be you and the address should be the main business location. You do not need to hire a 'statutory agent' and pay the annual fees! Here's another tip – use the office address when listing members or directors of your business. This form is a public record and available online [HERE](#).
6. Every corporation and LLC in California must pay the minimum franchise tax of \$800 each year. If LLC - file Form FTB 3522 with the California Franchise Tax Board within 90 days of formation. View [HERE](#).
7. Check CalGOLD and the Department of Consumers Affairs sites to get any required business licenses or permits. View [HERE](#). Your new entity has its own EIN so you will need to obtain new business licenses and permits in the entity's name.
8. Apply for employer number with the Employment Development Department (EDD) if you will have employees. Instructions and information available [HERE](#).
9. Find out about workers' compensation if you will have employees. Information available [HERE](#).
10. Obtain adequate business insurance.
11. Evaluate a rider (umbrella policy) to a homeowner's policy; this is often inexpensive and a second source of insurance.
12. Open a bank account for the business. Take Articles of Incorporation/Organization, EIN, and Minutes authorizing signatures.
13. Don't be enticed by Nevada unless it is your home state. A business operating in California can be sued in California, must register as a foreign entity to do business in the state and is subject to the same taxes as a native corporation. A business must maintain an office in Nevada and a 'registered agent' to accept legal papers. The fee to keep up that façade is about \$1,000 per year.
14. Buy a book to help you manage the corporate formalities. For instance Nolo Press offers easy-to-read guidebooks at a reasonable price. View [HERE](#).
15. Yes, you can use legalzoom.com for the setup. Their work is acceptable, but definitely not fine-tuned to your business. And don't fall for the annual statutory agent fee (see point #5).

And now for the legalese. This checklist is a generalized summary of some of the legal and accounting issues to consider to start a new corporation or limited liability company. It is intended as a summary of some of the more important procedural requirements imposed on a business. It is highly recommended that you discuss the various tax reporting matters with your accountant or tax advisor. Also, review your insurance needs with an insurance agent knowledgeable in your field of business.

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