What I do to start a company or LLC (Limited Liability Corporation)

Things to know:
1. I am neither an attorney nor an accountant. For legal or accounting advice, you need to see professionals.
2. The examples below are taken from my experiences, are directed at the simplest of corporations, and are probably somewhat incomplete. If more than one person is involved, you should have buy/sell agreements and these typically need an attorney to help structure properly.
3. NC makes it easy to form a corporation or LLC. Their primary interests are that the name be unique (you can search – see below), who and where the contact is, and that your check for $125.00 cleared.
4. Once you form a company, you will need to get an Employer Id Number (EIN) from the IRS. This is the equivalent to a social security number for a business. It is easy to get and costs nothing. See below.
5. If you form a regular corporation (not an LLC – but there are choices for how to tax an LLC) you will need to choose whether or not you have the IRS classify the company as a Sub-chapter S Corporation (S Corp) or leave it as a Class C corporation (C Corp). To avoid double taxation, most people choose to go the S Corp route (that’s what I’ve done). While there are rules to be mindful of, it is easy, as is shown below.
6. My understanding is that the government and courts view a corporation or LLC as a separate entity as long as it operates like one. That means, your company should have its own bank accounts and should not pay your bills (it can pay you and then you pay your own bills). You should have a board of directors, they should meet periodically (a nice annual dinner meeting where the decision is to continue for the next year is a tax deductible option), and you should keep minutes of the meeting (the minutes don’t have to be long).
7. The primary reason to form a company is to provide for liability protection. Even with that, remember to keep good insurance for your activities. Also, expect that banks and other institutions are very aware that if done properly, they cannot “penetrate the corporate veil” and require you to personally pay loans. For that reason you should expect that they will ask for a personal guarantee as well so that you don’t escape liability for what you borrow.
8. If you are going to sell a tangible product (and yes, computer files are tangible) you will need a wholesale number. That’s free from the NC Department of Revenue and there are minor reporting requirements. You will want to investigate how NC Sales Tax is calculated and when NC Use Tax (sales tax on things you use, but didn’t pay sales tax on when you bought them) is due.
9. My experiences with choosing an S Corp or LLC structure have been that I use the S Corp as the business and the LLC to hold the real estate. The NC Secretary of State Corporations Division web site has more detailed and complete explanations easily available. Also, the annual cost of a corporation is $35, while the annual fee for an LLC is $200 (go figure).
10. For all the emphasis on how to set up and run a company, what it can pay for, and so forth, remember that without customers and revenue, it is meaningless. Get the corporation formed and look after the relatively simple paperwork, but really, really focus on the customers and the revenue, followed by managing the costs.
11. Consider ordering a Corporate Kit from most any office supply store. The kit should cost $60 or less and would contain things like a corporate seal and stock/membership registration. It’s just one more thing to show the company is a separate entity. Use the notebook provided to store notes and company resolutions.
Step 1:
Go to the NC Secretary of State Corporations web site (http://www.secretary.state.nc.us/corporations/) to verify that the name you want is unique and to look at what other people have filed to start their companies. You can look up a corporation name to see if someone else has it. When you search, you can find what others submitted to start their company. There are also explanations of the differences between a regular company and an LLC as well as all the forms that you may need.

Scroll down for the key parts.
**Step 2:**
Look up the name you want. If someone else has it, try some variation. Pick some companies and look at how they filled out their forms. Some are fancy, some are very simple. I tend to copy the simple.

Simple Search to get examples

Now you can look at the public documents of any corporation in NC – This is a great way to see what is needed.
Step 3
Get a Federal Tax ID (EIN)

To get an EIN, here is the starting point:

Be sure not to pick one of the sites that charges for the free service from the IRS.
Step 4: (Not needed if you formed an LLC)
Here is the start of the form to have a company classified as an S Corp. It’s pretty easy, but do pay attention to the rules:

There is still lots more to do, but now you have a company and you are underway. Good Luck!!!
All new and existing businesses face regulations by local, state, and federal agencies. The following listing should be reviewed and contact made for the subject that applies:

**Assumed Name Registration**
Register of Deeds
102 W Third Street
PO Box 20639
336-703-2700
vwif.forsyth.cc/rod
You must register your businesses assumed name before you can get a business license

**Health Department Inspection Forsyth County**
799 Highland Ave.
336-703-33225

**Federal income Tax Employee Withholding and Social Security Account Number**
Internal Revenue Service
Federal Building, Room 118
251 North Main Street
336-728-4039; 1-800-829-1040
www.irs.gov

**Zoning and Sign Permits Inspector Office**
100 East 1st Street
City Hall South Suite 328
336-727-2628
www.cityofws.org/inspections

**Fire Prevention and Inspection**
Winston-Salem Fire Department
725 North Cherry Street
336-773-7900

**NC Secretary of State, Corporations Div,**
Raleigh, NC
919-807-2225
www.secretary.state.nc.us/Corporations

**Business License Application and Listing of Fees — City Revenue Office**
City Hall South
101 E 1st Street, Suite 121
336-747-6954
www.ci.winston-salem.nc.us/finance/buslic.html

**Business License Application and Listing of Fees — Forsyth Co. Government Center**
210 N. Chestnut St.
336-727-2091, 336-703-2300

**North Carolina License, Sales, and Use Tax,**
Retail and Wholesale Permits, State Income And Withholding Tax, Account Number
NC Department of Revenue
8025 North Point Boulevard
336-896-7024

**North Carolina Department of Commerce**
Business and Industry Service Center
301 N. Wilmington St.
Raleigh, NC 27601
919-715-2864, 1-800-228-8443
www.nccommerce.com

**Unemployment Insurance Tax Employment Security Commission**
450 W. Hanes Mill Rd.
Winston-Salem, NC
336-766-6720

**Workers Compensation**
430 N. Salisbury Streets
Raleigh NC, 27611
1-800-688-8349