

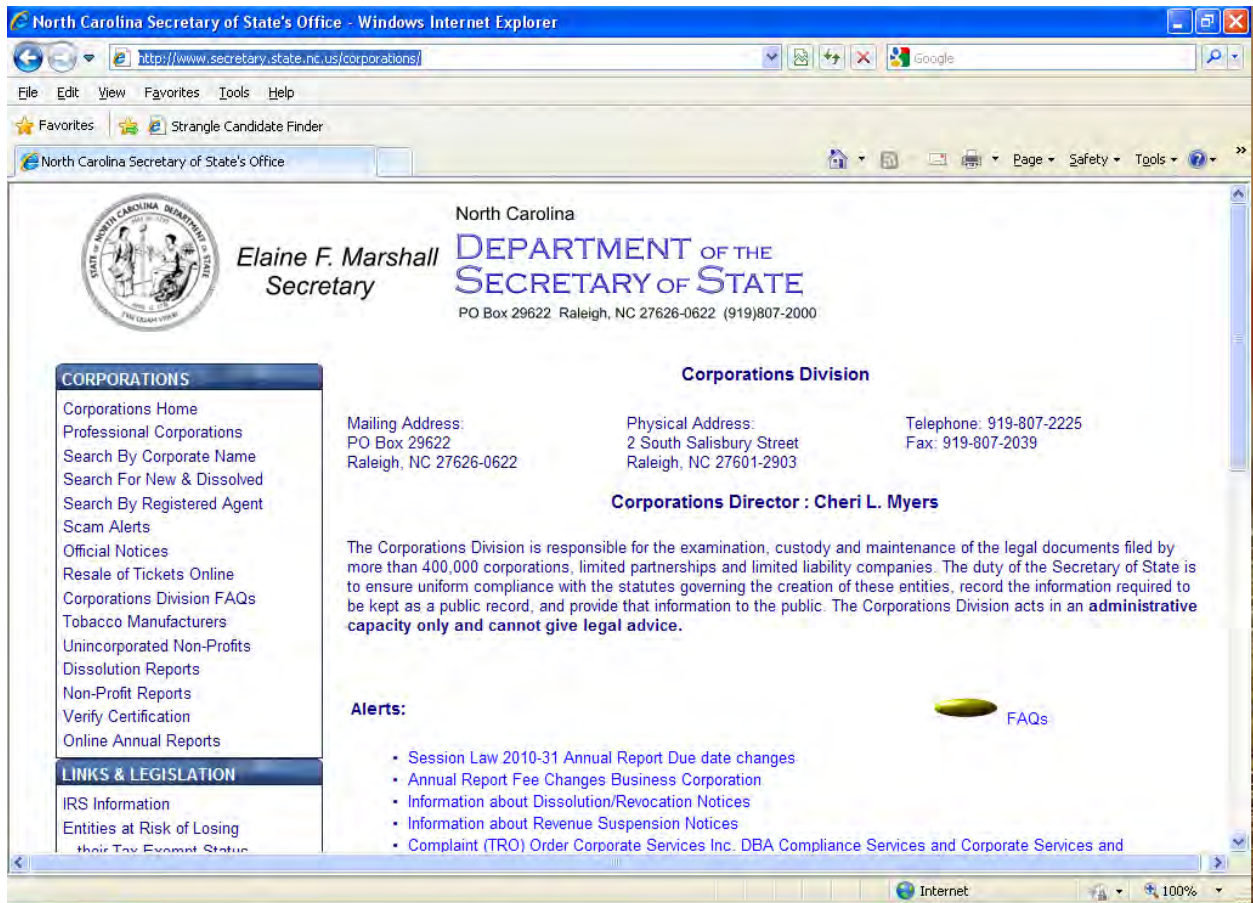
What I do to start a company or LLC (Limited Liability Corporation)

Things to know:

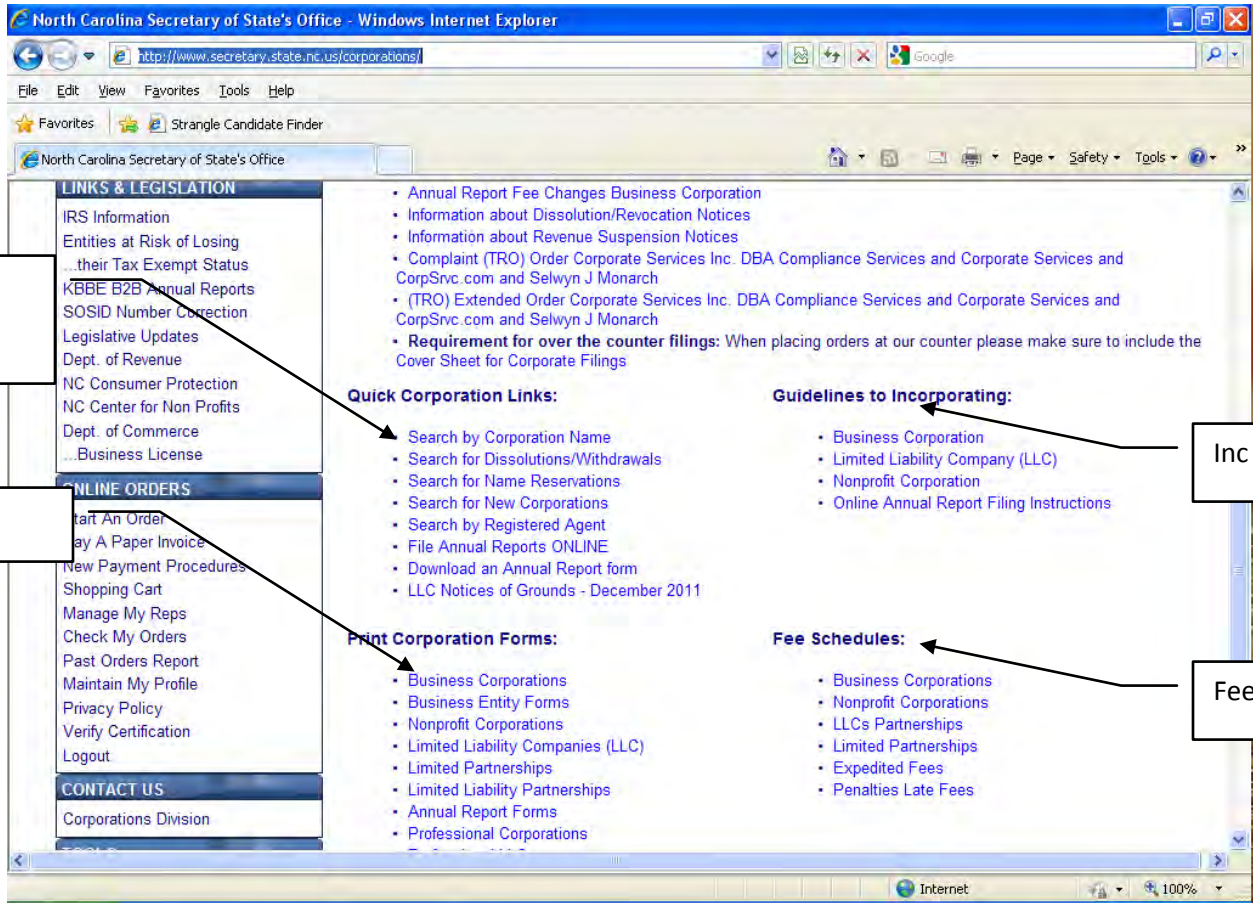
1. I am neither an attorney nor an accountant. For legal or accounting advice, you need to see professionals.
2. The examples below are taken from my experiences, are directed at the simplest of corporations, and are probably somewhat incomplete. If more than one person is involved, you should have buy/sell 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.

North Carolina Secretary of State

North Carolina
DEPARTMENT OF THE SECRETARY OF STATE
 PO Box 29622 Raleigh, NC 27626-0622 (919)807-2000

Elaine F. Marshall
 Secretary

CORPORATIONS

- Corporations Home
- Professional Corporations
- Search By Corporate Name
- Search For New & Dissolved
- Search By Registered Agent
- Scam Alerts
- Official Notices
- Resale of Tickets Online
- Corporations Division FAQs
- Tobacco Manufacturers
- Unincorporated Non-Profits
- Dissolution Reports
- Non-Profit Reports
- Verify Certification
- Online Annual Reports

LINKS & LEGISLATION

Search for a Corporation by Name

Starting With
 All words
 Any words
 Corporate Name Availability
 Sounds Like
 Exact Match
 Spelled
 Only Active Corporations

A

Search Page Information:

Welcome to the new corporations search page. We now offer 'Real Time' filing information. What does that mean to you? 'Real Time' means that information on filings will be available on the web page the moment they happen. In addition, limited partnership information is now part of the new system. You will now be able to search all business entities that are on file with the North Carolina Corporations Division.

Simple Search to get examples

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CORPORATIONS

- Corporations Home
- Professional Corporations
- Search By Corporate Name
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- Search By Registered Agent
- Scam Alerts
- Official Notices
- Resale of Tickets Online
- Corporations Division FAQs
- Tobacco Manufacturers
- Unincorporated Non-Profits
- Dissolution Reports
- Non-Profit Reports
- Verify Certification
- Online Annual Reports

LINKS & LEGISLATION

IRS Information

Entities at Risk of Losing their Tax Exempt Status

SearchType: Starting With Search Criteria: A 5/26/2010
 More than 500 records returned. Listing the first 500. Please limit your search. Search A

Click on the entity name below to view the business profile

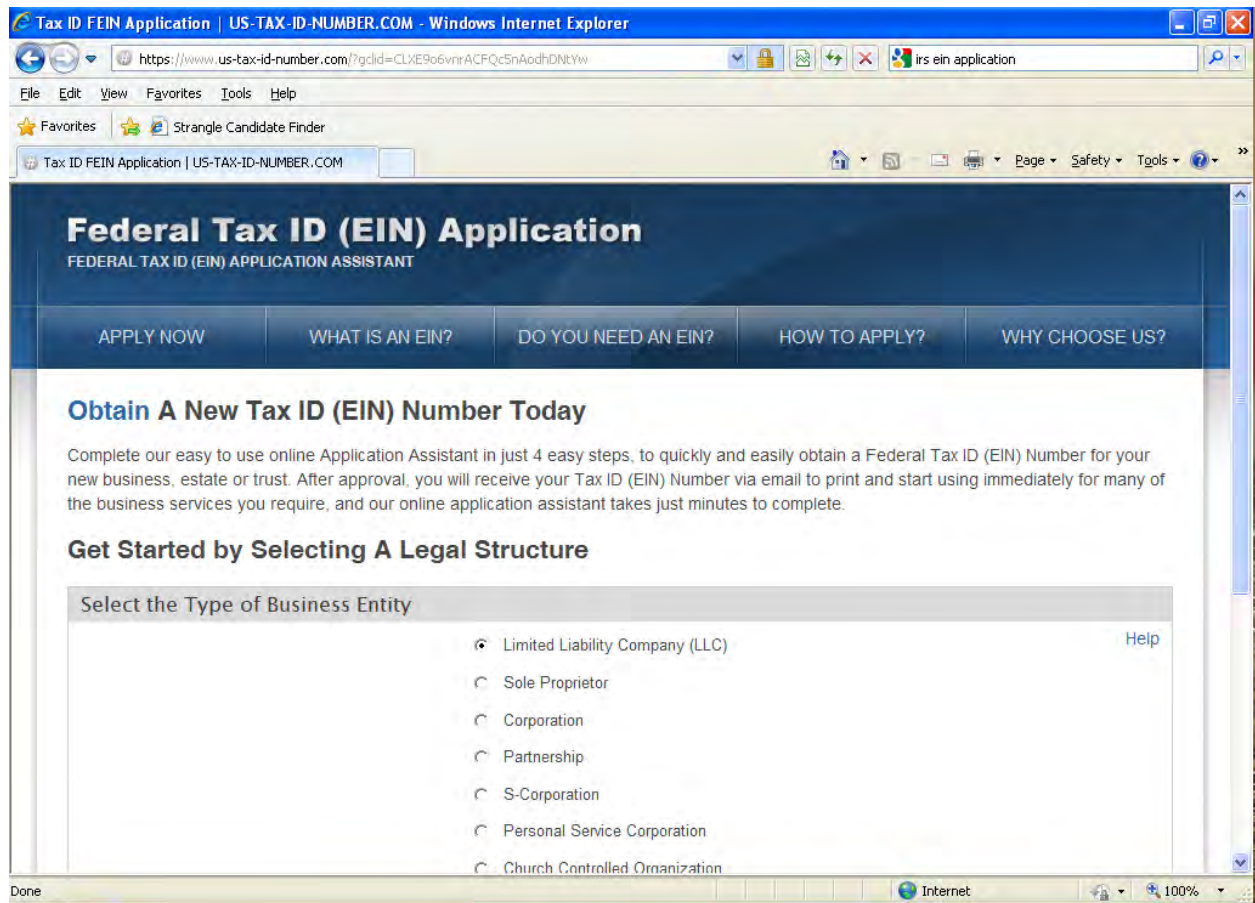
Entity Name	Type	Status	Formed	Online Annual Reports
NC A, Inc.	BUS	Multiple	12/22/1983	File Report
NC A+ INC.	BUS	Multiple	5/18/1998	File Report
NC A-1, Inc.	BUS	Multiple	8/23/1983	File Report
NC A1 CORPORATION	BUS	Admin. Dissolved	8/9/1999	File Report
A-1, Inc.	BUS	Withdrawn	2/12/2001	File Report
NC A 1000 Miles Fresher, INC	BUS	Current-Active	8/4/2010	File Report
NC A \$1.00 PLUS INC.	BUS	Multiple	10/8/1993	File Report
NC A11 CORPORATION, INC	BUS	Dissolved	2/21/2007	File Report
NC A19 LLC	LLC	Current-Active	3/24/2011	File Report
NC A 1 a Company	BUS	Current-Active	10/20/1981	File Report
NC A1A2Z, Inc.	BUS	Current-Active	5/22/2002	File Report
NC A1A Bail Bonds Inc.	BUS	Current-Active	8/15/2005	File Report
NC A1A Bookkeeping Plus, Inc.	BUS	Current-Active	5/14/2008	File Report
NC A-1 Accounting & Small Business Services Inc.	BUS	Multiple	1/30/2001	File Report

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:

The screenshot shows the IRS Form 2553, "Election by a Small Business Corporation," in a Windows Internet Explorer browser window. The browser's address bar shows the URL "http://www.irs.gov/pub/irs-pdf/f2553.pdf". The form is titled "2553 Election by a Small Business Corporation (Under section 1362 of the Internal Revenue Code)". It includes a "Note" section and "Part I Election Information" with fields for Name, Employer identification number, Date incorporated, and State of incorporation. Below these fields are checkboxes for "D Check the applicable box(es) if the corporation, after applying for the EIN shown in A above, changed its name or address", "E Election is to be effective for tax year beginning (month, day, year) (see instructions)", and "F Selected tax year:" with options for Calendar year, Fiscal year ending (month and day), and 52-53-week year ending with reference to the month of December.

There is still lots more to do, but now you have a company and you are underway. Good Luck!!!

**From the Forsyth Tech Small Business Center
Further Resources and Contacts**

Operating a Business in Winston-Salem & Forsyth County

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