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PRODUCT & SERVICE GUIDE

Registered Agents – Who Needs Them?

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Gail Perry, CPA • Apr. 17, 2015

If you have determined that you have nexus in a state, and you are paying taxes or incurring a tax liability in the state, you are required to have a registered agent in that state. It doesn't matter that you are taking care of all of your required tax filings on a timely basis. The registered agent is the person or business that has been designated to receive legal notifications on your behalf. (Note that having a registered agent in a state does not in itself constitute nexus in that state.)

The selection of a registered agent is not a trivial matter. This agent is required to have a physical address in the state (post office boxes and private rented mailboxes don't count) and be willing to be available during normal business hours to accept official state documents including any legal process, notice, or demand. The registered agent can also receive tax and other corporate information from the state. The registered agent can be a person or a business. The registered agent does not have to work for your company.

If you are an officer of your business and live in the state where you do business, you can be your own registered agent. Sometimes, however, companies hire registered agents even in their home state so that they are certain to receive any legal notices that have been served. Another reason to hire a registered agent in your own state is

to protect the privacy of the business address. For example, businesses run from a home might not want the home address to be part of the business's public record.

When a company files for legal status in a state, including the license to collect and remit taxes, one of the items on the application form will be a request for the name and contact information of the registered agent within the state.

An alternative to asking someone you know to be your registered agent is to hire a company that is in the business of serving as registered agents for out-of-state businesses. A quick online search will produce a number of options. Companies that provide registered agent services must be approved by the states in which they operate. Typically you will pay an annual fee for the agency service.

Most companies that provide registered agent services have agents working in all 50 states. If you do business in several states, these registered agent companies can be an excellent solution because you can have one company represent you in multiple states.

The registered agent will accept any legal documents that are delivered to the agent's address on your behalf and forward them to you at whatever address you choose. Make sure the person or business you choose as your registered agent is a responsible entity whom you can trust. Legal documents should not be ignored, and if your agent neglects to forward legal notices to you and, as a result, you don't respond to those notices, you could be putting your business in jeopardy.

Failure to have a registered agent in a state in which you are doing business can result in your being prevented from doing business in that state and can also result in penalties.

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