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Nellie Akalp • Jan. 24, 2016



If your clients are running a business as a corporation or LLC, they may be wondering what they need to do to maintain that LLC or corporation each year. Running a corporation/LLC is more involved than running a sole

proprietorship/partnership, but it doesn't have to be complicated if you know where

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year after year? Here are the top steps:

1. Make sure they file an annual report with the state

Most states require a corporation or LLC to file some kind of Annual Report (it can also be called a Statement of Information) every year or every two years. This is very basic paperwork that makes sure the state has current information about a company (e.g. its address, directors/officers). There's also a small filing fee with to pay with the report.

Specific deadlines and fees vary by state: check with the state's Secretary of State office or an online legal filing service to confirm when your clients' deadlines are.

2. Make sure they report any major changes to the state

While the Annual Report updates the state records on a yearly basis, a business is supposed to file an official notification with the state any time they make any major changes...such as moving to a new location or adding a board member. In most states, this form is called "Articles of Amendment." It's a very easy form to file, so there's no reason to risk compliancy by not filing one in a timely manner.

3. Make sure their registered agent is current

If your client is using a Registered Agent service for their business' official mailing address, they need to keep up with service fees. This is actually a common reason why many small businesses fall out of good standing with the state: they forget to renew their Registered Agent service, the agent stops representing them, and any official mail sent to the business is returned back to the state. Should this happen to your client, they typically just need to provide a valid address of record.

4. Make sure their business names are in order

It's fairly common for a business to file an official name in their LLC/incorporation

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records – so there can't be any commingling between the business owner's personal accounts and the business accounts. If they haven't done so already, your clients should get a separate business checking account (they'll need an EIN first) and credit card account.

6. Make sure they stay up to date with state franchise taxes

Some states levy a franchise tax on corporations and LLCs for the privilege of operating in the state. Your clients need to stay current with this franchise tax in order to stay in good standing. You can check with the state's Franchise Tax Board or similar office to find out the specific franchise tax obligations and deadlines for corporations and LLCs.

7. Make sure they stay current with all necessary permits

In addition to registering as a corporation/LLC, a business typically will need to apply for various local permits or licenses in order legally operate. For example, the may need a reseller's license, health department permit, fire department permit, or general business permit. You can work with the local county office, or an online legal service, to find out what permits are necessary and how often they need to be renewed.

The bottom line is when your clients form an LLC or corporation for their business, they have more administrative and legal obligations than they did as a sole proprietorship/partnership. You can help your clients navigate their annual compliance requirements, ensuring they stay in good standing and keep their liability protection in tact.

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