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Nellie Akalp • Aug. 15, 2023



In business formation, one thing is constant across all 50 states and the District of Columbia: business owners choosing to incorporate must select a registered agent (RA) to handle the acceptance of service of process for their companies. However, the specifics of which business structures require an RA and who can fulfill this role differ from state to state.

Whether your clients are launching a new business or expanding into another state, understanding the importance of choosing the right registered agent is crucial to helping them grow their businesses. Plus, by adding RA services to your CPA firm,

you'll become your clients' one-stop solution for their business needs, including

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Registered agent and registered office to handle timely and potentially sensitive service of process documentation. This includes documents, such as official federal and state correspondence, subpoenas, tax notices, legal notifications, court summonses, and corporate filing notifications.

Resident agents are required to have a physical location in the state where these documents can be received.

### **Who Requires a Registered Agent?**

Generally, companies obligated to register with their state of formation or those conducting business within a state must appoint a registered agent. The specific business structures requiring an RA differ based on state regulations. While sole proprietorships typically do not need state registration, corporations and limited liability companies (LLCs) must follow the state's registration process. For other structures like general partnerships, limited liability partnerships (LLPs), cooperatives, and trusts, the registration rules vary by state. To determine if your client's company needs an RA, research with the Secretary of State to find state-specific requirements for various legal structures.

### **Who Can Serve as a Registered Agent?**

Registered agent qualifications can be classified as "noncommercial" or "commercial." A commercial registered agent is approved and listed on the Secretary of State's website, while a noncommercial registered agent, meeting state qualifications, can also serve. At a minimum, all states require the registered agent to be a state resident with a physical location in the registered state. The RA's address cannot be a P.O. Box or UPS box because someone must be available onsite to accept service of process during regular business hours. The registered agent must also promptly forward service of process documents to the company, either via scanning, email, shared website, mail, or in-person delivery.

## How Can My Firm Become a Registered Agent?

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- An attorney or law firm offering registered agent services
- An accountant or accounting firm offering registered agent services
- A tax preparer or tax preparation firm offering registered agent services

In addition, some Secretary of State offices may act as the RA if one is not named in the formation documents.

For your firm to act as your clients' registered agent, you must follow these general steps:

**Understand State Requirements:** First, it's crucial to understand the specific requirements for becoming a registered agent in the state where your client is conducting business, and you have a physical location. Each state has its own rules and qualifications, so it's essential that you review the regulations set by the state's Secretary of State or the relevant agency responsible for business entities.

**Meet Eligibility Criteria:** Ensure that your CPA firm meets the eligibility criteria set by the state, which includes having a physical address within the state, maintaining regular business hours, and having a designated responsible party within your firm who can accept service of process and other legal documents.

**Obtain Permission from Clients:** Before offering registered agent services, you must obtain explicit permission from your clients to act as their registered agent. Some states require a formal agreement or application to be filed with the state. The client can also name your firm in their formation documents.

**Pay Fees:** An annual fee is often associated with being a registered agent. Ensure that you understand the fee structure in your state and that you're prepared to pay the required fees.

**Maintain Compliance:** Once your firm becomes a registered agent, you must comply

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timely services required by your state to be a registered agent, adding registered agent services to your firm can increase client satisfaction and loyalty and create a new revenue stream for your CPA firm.

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