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**Nellie Akalp** • Dec. 19, 2023



With so little time left in the year, some of your clients might want to incorporate as soon as possible. However, there may be some benefits of slowing them down with a delayed filing rather than a standard incorporation filing. Here's what's involved in a delayed filing so you can advise your clients on their options.

### **Timing is Everything**

In the complex world of small business finance and accounting, the strategic timing of business filings can be a game-changer. Your clients may want to delay the incorporation process until the new year for several good reasons.

A delay allows business owners to specify a future effective date on their registration forms, granting them control over when their company officially becomes a legal

entity. Let's look at both options.

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Whether they plan to sell stock or search for investment money, having their corporation in place at the beginning of the year gives them a competitive advantage over companies that haven't yet incorporated. In addition, incorporating, of course, establishes their legal separation from the business's liabilities sooner, which protects their personal finances from the business's debts.

### **Submitting a Delayed Filing**

Alternatively, your clients may decide a delayed filing is more beneficial. Not all states allow delayed filings, but in those that do, your clients would fill out and submit all the paperwork but indicate a future effective date on the registration forms.

In a standard filing process, the state dictates the effective date, which could take anywhere from a few days to a few weeks. In a delayed filing, the business controls when the company officially becomes a legal entity. It's common for companies to choose an effective date of January 1 to simplify selecting a calendar year for taxes and relieve businesses of paying state franchise taxes for the prior year. Starting with a January 1 incorporation date also bypasses annual report filings and other corporate obligations. But your clients don't have to select January 1 as their incorporation date. Generally, a company can choose a "future effective date" 30 to 90 days out. Most states allow a future effective date of up to 90 days, including:

- Alabama
- Arizona
- California
- Colorado
- District of Columbia
- Florida
- Georgia

- Indiana

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#### More states

- Nebraska
- New Hampshire
- New Mexico
- North Carolina
- North Dakota
- Ohio
- Oklahoma
- Oregon
- Rhode Island
- South Carolina
- South Dakota
- Tennessee
- Texas
- Utah
- Vermont
- Washington
- West Virginia
- Wisconsin
- Wyoming

Delaware gives businesses up to 180 days, while New Jersey and Pennsylvania have no limit. States with tighter schedules include Illinois and New York (up to 60 days) and Virginia (up to 15 days).

Some states don't allow forward dating incorporation dates, including:

- Alaska
- Arkansas
- Connecticut

- Hawaii

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state.

To learn the details about filing for delayed effective dates and the regulations in your state, contact the Secretary of State's office.

### **Reasons for Clients to Choose a Delayed Filing**

- **Strategic timing:** Delaying incorporation might be a smart strategic move if specific business reasons exist for choosing a particular date. For example, a business might delay incorporation to coincide with the start of a fiscal year or align with significant industry events.
- **Financial planning:** Delaying incorporation can provide additional time for financial planning. The delay may benefit businesses needing more time to secure funding, finalize financial agreements, or address other financial considerations before officially incorporating.
- **Market timing:** Businesses may delay filing to enter the market at an optimal time, particularly relevant for seasonal businesses or those influenced by market trends.
- **Legal compliance readiness:** A delayed filing gives the business more time to ensure it is fully prepared to meet all legal compliance requirements. Time is crucial for companies operating in highly regulated industries.
- **Administrative considerations:** If administrative or logistical challenges could cause delays, planning for a later filing date may provide the necessary time to address and overcome these issues.
- **Tax planning:** Depending on the business's financial and tax situation, delaying incorporation might provide more beneficial tax planning opportunities.
- **Contractual agreements:** If the business is negotiating important contractual agreements, delaying incorporation may allow for the completion of these negotiations before becoming a legally recognized entity.

- Business development: A delayed filing might align with specific business

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*Nellie Akalp is a passionate entrepreneur, recognized business expert, and mother of four. She is the CEO of [CorpNet](#), the most innovative way to start a business, register for payroll taxes, and maintain business compliance across the United States. Loved by entrepreneurs, accountants, and lawyers, CorpNet offers transparent pricing, a simple ordering process, and quickly scalable software and API solutions.*

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