Advantages of an LLC (Limited Liability Company)

Noah Al-Saigh, Peyton Bristow, Zander West, Julian Navia Ventura

What is a LLC?

A LLC is a company that has multiple unique factors like member protection, better tax options, multiple owners, and adaptable management. Bellow is a brief explanation of each factor.

- **Limited Liability Protection**: Owners (called members) are typically not personally responsible for business debts or liabilities.
- **Flexible Tax Options**: LLCs can choose to be taxed as a sole proprietorship, partnership, S corporation (a pass-through entity with restrictions on ownership), or C corporation (a separate taxable entity subject to corporate income tax).
- **Simple Structure**: Easier to form and operate than corporations, with fewer formalities and administrative requirements.
- **Multiple Ownership Allowed**: An LLC can have one or many members, including individuals, corporations, or other LLCs.
- **Pass-Through Taxation**: Profits and losses usually pass through to members' personal tax returns, avoiding double taxation.
- **Adaptable Management**: Can be member-managed or manager-managed, offering flexibility in how the business is run.

What makes the LLC different from the others are...

- The little amount of liability to owners
- An LLC is easier to maintain due to the least amount of formal annual requirements
- Members can choose between being taxed as partnership or corporation.

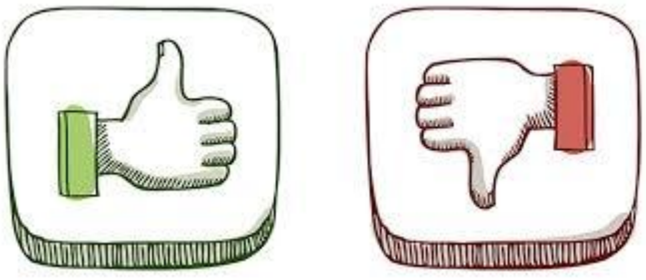
What are its advantages and disadvantages compared to other types of businesses?

PRO

- **Limited Liability Protection:** This is the primary benefit, shielding owners (members) from personal responsibility for the company's debts and legal issues.
- **Credibility**: Operating as an LLC can provide a more professional image and greater credibility compared to a sole proprietorship or partnership.

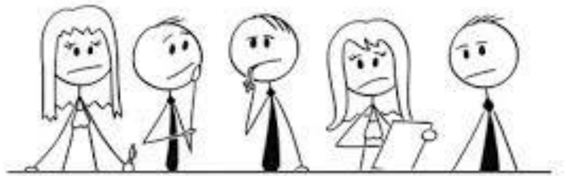
CON

- **Ongoing Costs**: There are costs associated with forming an LLC and maintaining it, including state filing fees, annual report fees, and, in some states, franchise taxes.
- **Transferability Restrictions**: Transferring ownership in an LLC can be more complex, as it often requires consent from other members.



Is it a good match for our business?

- A LLC is good for a group of less than five people, So a small scale business (like ours) is a good LLC example.
- A LLC is good due to the fact that the people in the LLC dont need to have full responsibility.



Examples of LLCs in Arlington:

- #HAIRTHERAPY STUDIO LLC (Hair Salon)
- DTS, David T. Scott & Associates, LLC (Cyber, consulting and management services)
- WADE COMPANY LLC (Real Estate)
- Beyond Exteriors LLC (Roofing)
- Air Duct Cleaning LLC (Interior Maintenance)