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What is the organization in Virginia through which businesses are registered?

- The organization where businesses register in Virginia is the State Corporation Commission (SCC)
- It helps business register and file official paperwork
- It keeps records of registered businesses



What are the different types of businesses that can be formed? And do all of these types require registration?

Types:

- Sole Proprietorship: One answer
- Partnership: 2 or more owners
- Corporation: A separate legal business
- LLC: Protects owners from many business debts
- No not all businesses
- LLC's and corporations must register
- Sole proprietorships and general partnerships usually do not need to register with the SCC
- Businesses may still need to register with Virginia Tax

What is a *Professional LLC* or *Professional Corporation*, and why does Virginia require a separate classification for these?

PLLC: An LLC for licensed professionals, such as doctors, lawyers, and accountants

Professional corporation (PC): A corporation created for certain licensed professional services

Virginia has special rules for professional licensing, ownership, and responsibility

These structures do not protect professionals from liability for their own malpractice

What are the specific filing forms and fees for the most common entities?

LLC: \$100 to start a limited liability company

Professional LLC (PLLC): \$100 for licensed professionals

Stock Corporation: \$25 filing fee plus an additional fee based on the number of shares.

Nonstock Corporation: \$75 total to file

Foreign LLC: \$100 to register an LLC formed in another state

How does a Foreign entity register to do business in Virginia? What's the difference between forming a new Virginia entity and registering an out-of-state entity?

A foreign entity is a business formed in another state or country

To operate in virginia, it may need to apply with the SCC, appoint a registered agent, and pay the required fees

Forming a new business: Creates a new legal entity under Virginia law

Foreign registration: Allows an existing out of state business to operate in Virginia while remaining formed under its original states laws

In a Limited Partnership, what is the fundamental trade-off between the General Partner and the Limited Partner regarding control and liability?

- A General Partner makes all of the legal decisions and has the highest authority. The exchange is that they will have high personal financial exposure.
- A Limited Partner has no management or control over any decision making. The trade-off is that they will have little to no risk and protection of personal wealth.



What ongoing annual reports or fees does the SCC require to keep an entity in good standing?

They would need to fill out their Annual Report, which is a yearly requirement due by the last day of the month of incorporation.

All entities are required to maintain a valid Registered Agent with an office address in the state of Virginia. Those who failed to maintain a registered agent may cause their entities status to be removed.

What is the default tax classification for a single-member LLC versus a multi-member LLC?



Single-Member LLC: is taxed as a disregarded entity, where business income and losses go directly to the company owner/CEO's own tax return.

Multi-Member LLC: is automatically taxed as a partnership, where the LLC files an informational return and hands out a "Schedule K-1" to every individual member of the entity to report their personal income and losses on their own returns.

If a startup plans to seek venture capital and eventually go public, which entity is likely the best fit, and why?

A C corporation is the best choice because it can attract investors, issue shares, and eventually go public through an IPO.

If a solo consultant wants minimal paperwork and maximum flexibility, which entity makes the most sense?

A sole proprietorship is ideal because it requires less paperwork, costs less to maintain, and gives the owner more control over business decisions.

Under what circumstances might a business choose to convert from an LLC to a Corporation later?

A business may convert when it plans to raise more money from investors, issue shares, or prepare to go public.