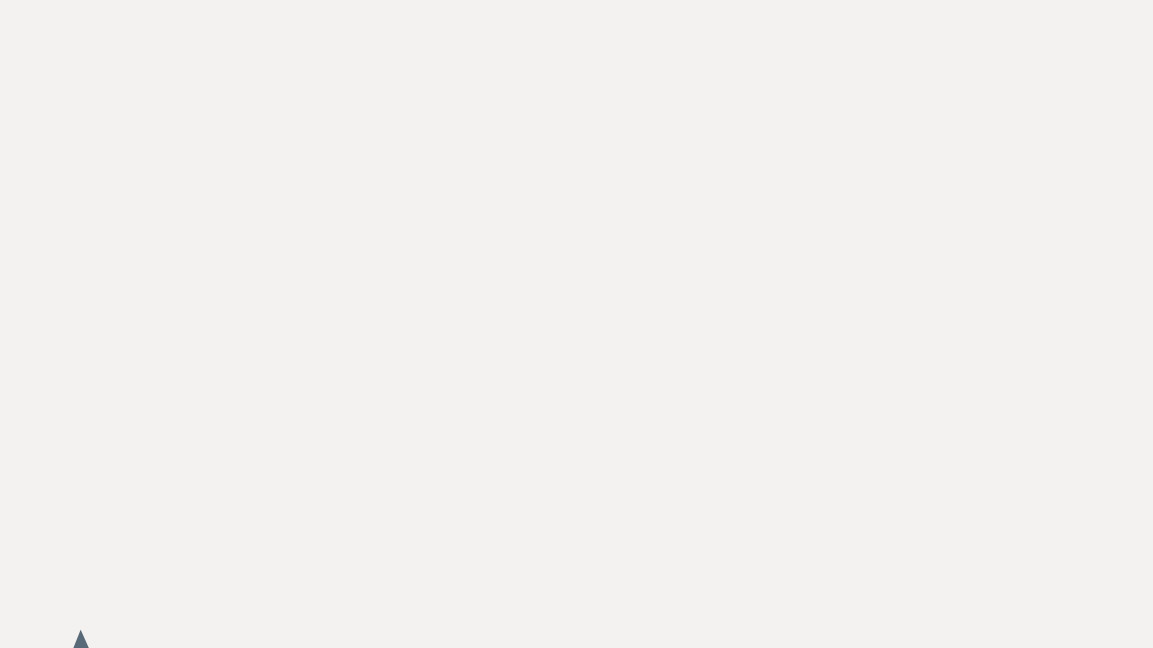




VIRGINA BUSINESSES

By: Gus, Evie, Erin, Micah,
Julian, Zanai, Juliette



WHAT IS THE ORGANIZATION IN VIRGINIA THROUGH WHICH BUSINESSES ARE REGISTERED?

businesses registration:
The State Corporation Commission (SCC)



WHAT KINDS OF BUSINESSES CAN BE FORMED IN VIRGINIA?

➤ Limited Liability Company

A limited liability company is a separate legal entity and, generally, the members and managers are not liable for the obligations of the limited liability company.

In state LLC registration - Fee:\$100

File Online or complete Articles of Organization (Form LLC1011-DOC).

Foreign LLC registration - Fee:\$100

File Online or complete an Application for Registration as a Foreign Limited Liability Company (Form LLC1052-DOC).

➤ Professional Limited Liability Companies

A professional LLC is an LLC that is organized for the sole and specific purpose of rendering the professional service of:

- pharmacists
- optometrists
- physical therapists
- physical therapist assistants
- practitioners of the healing arts
- nurse practitioners
- practitioners of the behavioral science professions
- veterinarians
- surgeons
- dentists
- architects
- professional engineers
- land surveyors
- certified landscape architects
- certified interior designers
- public accountants
- certified public accountants
- attorneys-at-law
- insurance consultants
- audiologists
- speech pathologists or clinical nurse specialists

Fee:\$100

File Online or complete Articles of Organization for a Professional Limited Liability Company (Form LLC1103-DOC).

WHAT KINDS OF BUSINESSES CAN BE FORMED IN VIRGINIA?

► Corporation

A corporation is an artificial person or legal entity managed by a board of directors, consisting of one or more individuals, who collectively elect officers to run the corporation's day-to-day business activities.

	How to file/Register	Charter Fee
Stock Corporation Add a little bit of body text	File Online or complete Articles of Incorporation (Form SCC619-DOC) .	Corporation Charter Fee/Entrance Fee Schedule
Nonstock Corporation Add a little bit of body text	File Online or complete Articles of Incorporation (Form SCC819-DOC) .	\$50
Foreign Corporation (Stock & Nonstock) Add a little bit of body text	File Online or complete an Application for a Certificate of Authority to Transact Business in Virginia (Form SCC 759/921) .	Corporation Charter Fee/Entrance Fee Schedule

► Professional - Corporation

Professional Limited Liability Companies
 Add a little bit of body text

How to file/Register

[File Online](#) or complete [Articles of Organization for a Professional Limited Liability Company \(Form LLC1103-DOC\)](#).

Fee

\$100

WHAT KINDS OF BUSINESSES CAN BE FORMED IN VIRGINIA?

➤ Limited Partnership

A limited partnership, which is a type of partnership distinct from a general partnership, is formed by two or more persons with at least one general partner and one limited partner.

- **The general partners** exercise control over the management of the limited partnership’s business.(**Not the general partnership**)
- **The limited partners** contribute money, property and/or services in return for an interest in the partnership, and share in the profits and losses of the limited partnership with the general partners

(in accordance with a written partnership agreement or, if there is none, the value of the unreturned contributions made by each partner)

Virginia Limited Partnership
Company Starting in Virginia

How to file/register
File Online or complete Certificate of Limited Partnership (Form LPA-73.11-DOC).

Fee
\$100

Foreign Limited Partnership
Foreign Company wanting to move into Virginia

File Online or complete an Application for Registration of Foreign Limited Partnership (Form LPA-73.54-DOC).

\$100

WHAT KINDS OF BUSINESSES CAN BE FORMED IN VIRGINIA?

➤ General Partnership

A general partnership is an association of two or more persons to carry on, as co-owners, a business for profit.

- Each partner contributes money, property and/or services in return for an interest in the general partnership, shares in the profits and losses of the general partnership's business, and has equal rights in the management and conduct of the partnership's business.

Virginia General Partnership
Company Starting in
Virginia

Foreign General Partnership
Foreign Company
wanting to move into
Virginia

How to file/register

A partnership is not formed by a filing with the State Corporation, but partnership statements may be filed with the State Corporation Commission by using CIS or completing a Statement of Partnership Authority (Form UPA93-DOC).

For foreign businesses, a duly authenticated copy of a Statement of Partnership that is filed in an office in another state may be filed with the Commission.

Fee

25

WHAT KINDS OF BUSINESSES CAN BE FORMED IN VIRGINIA?

➤ Registered Limited Liability Partnership

A registered limited liability partnership (sometimes referred to as a limited liability partnership) is a status granted to a general partnership or a limited partnership that has registered for such status in the jurisdiction of its formation.

- Upon registration, the partners of a general partnership and the general partners of a limited partnership are not liable for the obligations of the general partnership or limited partnership that arise after registration.

Virginia Registered Limited Liability Partnership	How to file/register	Fee
Company Starting in Virginia	Complete <u>Statement of Registration as a Domestic Limited Liability Partnership (Form UPA-132-DOC)</u> and file it with the State Corporation Commission.	\$100
Foreign Registered Limited Liability Partnership Foreign Company wanting to move into Virginia	Complete <u>Statement of Registration as a Foreign Limited Liability Partnership (Form UPA-138-DOC)</u> and file it with the State Corporation Commission.	

WHAT KINDS OF BUSINESSES CAN BE FORMED IN VIRGINIA?

➤ Business Trust

A business trust is an unincorporated association whose governing instrument, sometimes referred to as a declaration of trust, provides that one or more trustees will manage property or conduct for-profit business activities on behalf of one or more beneficial owners.

Virginia Business Trust

Company Starting in Virginia

How to file/register

File Online or complete Articles of Trust (Form BTA-1212-DOC).

Fee

\$100

Foreign Business Trust

Foreign Company wanting to move into Virginia

File Online or complete an Application for Registration as a Foreign Business Trust (Form BTA-1242-DOC).

WHAT IS A PROFESSIONAL LLC /CORPORATION? WHY DOES VIRGINIA REQUIRE A SEPARATE CLASSIFICATION FOR THESE?

4

- Professional Limited Liability Companies provided specific services outlined per the Code of Virginia.
- Typically require a license, certification, or other legal authorization.
- These services include but are not limited to architects, dentists, and attorneys.
- Virginia classifies these differently because they reflect different statutory frameworks.

WHAT ARE THE SPECIFIC FILING FORMS AND FEES FOR THE MOST COMMON ENTITIES?

5

- • Limited Liability Company
 - Articles of organization/ Certificate of formation
 - \$35-\$500+ filing fee dependent on state
- • C Corporation
 - Article/Certificate of Incorporation
 - \$100-\$300+ filing fee
- • S Corporation
 - Formed as C corporation or LLC, then elected for S status
 - Same as initial formation fee as C corporation or LLC

- • Partnership
 - Partnership Agreement or certificate of limited partnership
 - \$50-\$200 Filing fee
- • Sole Proprietor
 - Formation Form not required
 - \$10-\$100 State/Local filing fee

Solidarity Group Zanai

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?

6

- Out of state entities must register with the Virginia State Corporation Commission in order to perform any transactional business.
- The type of registration differs by type of business.
- These include (non)stock companies, limited liability companies, business trust, limited partnerships, limited liability partnerships.

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?

6

- New businesses have a process to follow before they can start transactions
- They need to form business entity filing, get an EIN from the IRS, prepare tax information and calculations, before acquiring licensing and permits to begin operations.

FOR EACH ENTITY TYPE, WHO IS PERSONALLY LIABLE FOR BUSINESS DEBTS?

7

- **Sole Proprietorship** - The owner is completely liable for everything, putting personal assets at risk.
- **General Partnership** - All members share unlimited joint and personal liability.
- **Limited Partnership** - General partners have unlimited joint liability, but limited partners are shielded up to the amount they placed into the business.
- **Limited Liability Partnership** - limited personal liability protection from general business debts, but subject to their own malpractice.
- **Limited Liability Company** - not personally liable for company's debts/lawsuits, personal assets protected unless under personal guarantee or commingled funds.
- **Corporation** - shareholders not liable for company debts; risk limited to their funding commitment, unless for pierced or personal guarantee

Solidarity Group Micah

WHAT IS THE FUNDAMENTAL TRADE-OFF BETWEEN THE GENERAL PARTNER AND THE LIMITED PARTNER REGARDING CONTROL AND LIABILITY?

- General Partners have control over management
- Limited partners have a capped amount of liability
- Generals don't get the benefits of limited, and vice versa.

WHAT IS THE DEFAULT TAX CLASSIFICATION FOR A SINGLE-MEMBER LLC VERSUS A MULTI-MEMBER LLC?

- Single Member LLCs are disregarded entities
- Multi Member LLCs are moreso partnerships

PASS-THROUGH TAXATION VS. C-CORPORATION DOUBLE TAXATION

Pass-Through Taxation

- Individual Income Tax
- Account for 95% of US Businesses
- Form 502 or 502PTET

C-Corporation Double Taxation

- Corporate Income Tax
- Account for >1% of US Businesses
- Seperate Entities from Owners

WHAT IS THE ELECTIVE PASS-THROUGH ENTITY TAX?

- Business chooses to pay 5.75% income tax
- Refundable tax credit
 - Entity may claim credit for taxes
 - Other state must have similar tax laws

WHAT ONGOING ANNUAL REPORTS OR FEES DOES THE SCC REQUIRE TO KEEP AN ENTITY IN GOOD STANDING?

12

- Annual report and registration
- Maintain registered agent and office
- LLCs pay 50\$ annually

IF A STARTUP PLANS TO SEEK VENTURE CAPITAL AND EVENTUALLY GO PUBLIC, WHICH ENTITY IS LIKELY THE BEST FIT, AND WHY?

- C corporation
- Raises money through selling stock
- Supports venture capital and IPOs

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

14

Proprietorship

- No Setup Paperwork
- No ongoing maintenance
- No liability protection
- no tax flexibility
- Absolute management flexibility
- No state registration

Or

Single-Member Limited Liability Company (LLC)

- Minimal paperwork
- low ongoing maintenance
- Full liability protection
- High tax flexibility
- Absolute management flexibility

Solidarity Group Erin

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

- Employee Stock Incentives
- Raising Venture Capital
- Qualified Small Business Stock
- Preparation for IPO or Acquisition

THANK YOU