



HAMMELMAN LAW

ESTATE PLANNING & BUSINESS PLANNING

Congratulations! You have put your dreams in motion and are ready to start your own business. This is an exciting, yet sometimes stressful, time. There are some steps that you must take for your business to be legally recognized and in compliance with state and federal regulations. It may sound daunting, but some basic information and the assistance of an attorney helps.

BUSINESS PLANNING PACKAGES & FEES

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STARTING A BUSINESS IN VIRGINIA

Here is a checklist for the steps to get started:

- Register your business
- Get a federal tax ID number (EIN)
- Get a state tax ID number
- Check to see if you need a business license
- Think about filing for a trademark
- Operating Agreement or Bylaws

SHOULD YOU FORM AN LLC OR AN S CORPORATION?

This is a very common question from business clients. There are some key differences between an LLC (Limited Liability Company) and a corporation that you need to consider when making your decision. The biggest differences are (1) state filings, forms, and fees, (2) taxes, and (3) management and ownership.

○ Limited Liability Company

- Quicker and easier filing and fees are lower
- Company doesn't pay taxes, individual LLC members pay taxes on their share, called "pass through" taxation, can also elect to be treated as S Corp for taxes while retaining flexibility of LLC
- Owner must be US citizen or resident alien, other than that, there are not many restrictions on how the business may be run

○ S Corporation

- Forms are longer and more specific, as Corporation requires more formalities, and the filing fees and annual fees are higher and annual reports must be filed
- 100 or less shareholders, owners are only taxed on their salary and any distributions
- Can issue stock and is preferred by investors due to more structured approach, meeting minutes and annual meetings required



WHY HAMMELMAN LAW?



At Hammelman Law, we believe that *Estate Planning is not just for you, it is also for the loved ones you leave behind.* So, we want to make it easy for your loved ones to handle your passing.

Unfortunately, a death in the family doesn't always bring out the best in the family members. People may be emotionally charged, making a stressful time in life, even more so. This is where having an Estate Plan comes into play. Hammelman Law will work with you to create an Estate Plan that accounts for handling all your assets during incapacity or after death.

Melanie is the mother of 2 young children, wife of a US Army veteran, and comes from a blended family. She understands the complexities of planning with children from prior relationships and shared children. We will formulate a plan to take care of everyone in your family; which may mean children, grandchildren, parents, siblings, nieces and nephews, and even pets! We can also plan for how your business should be handled at death.

Let Hammelman Law help get your Estate Plan together, so your loved ones don't have another thing to worry about. In Virginia attorneys are given the title of Attorney and Counselor at Law. Melanie takes the title of Counselor at Law to heart and enjoys providing clients with advice and counseling as to the best options for their particular situation.

YOUR LEGACY IS OUR BUSINESS.

BUSINESS PLANNING PACKAGES & FEES

LLC FORMATION

\$1,850

- State formation filing*
- Obtaining federal EIN
- Obtaining state tax ID
- Filing S Corporation tax election, if requested
- Operating Agreement
- *Additional LLC formation for same purposes (such as multiple real estate investment properties) - \$500 each*

S CORPORATION FORMATION

\$3,500

- State formation filing*
- Obtaining federal EIN
- Obtaining state tax ID
- Bylaws
- Shareholder Agreement

BUSINESS CONTRACT FEES

OPERATING AGREEMENT	\$800
BYLAWS AND SHAREHOLDER AGREEMENT	\$1,500
EMPLOYMENT AGREEMENT	\$500
EMPLOYMENT MANUAL	\$2,000
INDEPENDENT CONTRACTOR AGREEMENT	\$800
NONDISCLOSURE, DISPARAGEMENT, SOLICITATION	\$800

ENTITY COMPARISON CHART

	LLC	S Corporation	C Corporation	Sole Proprietorship
LIABILITY PROTECTION				
Limited Liability Protection Limits personal Liability to just what you've invested in your company	Yes - The owners (called "members") are generally not liable for the company's debts.	Yes - The owners (called "shareholders") are generally not liable for the company's debts.	Yes - The owners (called "shareholders") are generally not liable for the company's debts.	No - The owner is liable for all debts of the business.
Separate business and personal finances	Yes - To maintain your liability protection, you need to keep business and personal finances separate.	Yes - To maintain your liability protection, you need to keep business and personal finances separate.	Yes - To maintain your liability protection, you need to keep business and personal finances separate.	No - There is no requirement to keep business and personal finances separate.
MANAGEMENT AND OPERATIONS				
Owner managed	Possibly - The owners (called "members") can designate themselves or others as managers to manage the business.	Possibly - The owners (called "shareholders") can elect themselves or other nonshareholders as directors to manage the business.	Possibly - The owners (called "shareholders") can elect themselves or other nonshareholders as directors to manage the business.	Yes - The owner manages the business. Under the law, the owner and business are one and the same.
Add/Change Owners	Possibly - The operating agreement governs the method and requirements for bringing on new owners or replacing existing owners.	Possibly - The bylaws govern the method and requirements for bringing on new owners or replacing existing owners.	Possibly - The bylaws govern the method and requirements for bringing on new owners or replacing existing owners.	No - the owner and business are considered to be one and the same. If you want to add another owner it would no longer be a Sole Proprietorship.
Sell/Inherit Business	Possibly - The operating agreement governs the method and requirements for selling ownership interests.	Possibly - The bylaws govern the method and requirements for selling ownership interests.	Possibly - The bylaws govern the method and requirements for selling ownership interests.	No - The owner can sell assets of the business but cannot sell or devise the whole business.
TAXES				
Pass-through Taxation The company does not pay tax on its profits, but instead, profits and losses are "passed through" to the owners, who must pay taxes on their proportionate share of the company's income	Possibly - An LLC is pass-through by default, but members may elect to be taxed as a C corporation instead.	Yes	No	Yes
Double Taxation The company's profits are taxed at two levels. First, the business pays tax on its profits. Second, after profits are distributed to the owners, the owners pay taxes on the income.	Possibly - Income is not subject to double taxation, but members may elect different tax treatment as a C corporation instead.	No	Yes	No
Separate State and Federal Tax Filings	Yes	Yes	Yes	No - All income from the business must be included with the owner's tax return.
FILINGS AND FORMALITIES				
State Filings and Fees	Yes - The owners are required to file documents (called "Articles of Organization" in most states) with the state.	Yes - The owners are required to file documents (called "Articles of Incorporation" in most states) with the state.	Yes - The owners are required to file documents (called "Articles of Incorporation" in most states) with the state.	No - No state filings are required for setup. A license may be required depending on the type of business, though.
Ongoing State Filings	Yes	Yes	Yes	No
Corporate Formalities	Possibly - Corporate formalities are not required, but it is a good practice to keep records of important business decisions.	Yes - The corporation, even if there is only one shareholder, must hold an annual meeting, and should keep minutes for important corporate decisions.	Yes - The corporation, even if there is only one shareholder, must hold an annual meeting, and should keep minutes for important corporate decisions.	No

