MyCompanyWorks
BY RASi A WOLTERS KLUWER COMPANY

The New Company Guidebook

Provided by MyCompanyWorks, Inc.
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The 5 Biggest Incorporation and LLC Formation Mistakes

1. Doing-it-yourself.

Filing the paperwork yourself and not doing the crucial after-formation tasks like adopting Corporate Bylaws or an LLC Operating Agreement by holding an Organizational Meeting. This includes issuing shares, properly capitalizing the company etc. and can lead to disastrous results in a lawsuit, partner dispute and even in getting funding or contracts.

MyCompanyWorks™ handles these crucial tasks by not only taking care of the filing but personalizing the above-mentioned documents "ready for signature" with simple step-by-step instructions so your company can be set up properly. This is where you get the real benefits of incorporating or forming an LLC.

In addition we provide all clients with our exclusive Startup Wizard free with every business formation. The Startup Wizard is like a startup checklist on steroids and is personalized to your specific business entity type and state. This includes tasks like opening a bank account, getting a business license or setting up your accounting system. With the Startup Wizard, you now have a custom web-based checklist that is personalized for your state and entity type.

2. Choosing Delaware, Nevada or Wyoming without doing the research.

Are there valid reasons for choosing these states? Yes. Should everyone choose these states? No. While this is a decision best left to a discussion with your legal advisor, we've given a detailed overview below.

3. Choosing the cheapest incorporation service (or the cheapest advertised price).

If you could hear the horror stories of some of the messes we've had to clean up from some of our competitors. Can you imagine if you used a "fly-by-night" company as your Registered Agent and they went out of business? What if you were served with a lawsuit and lost it by default because you saved a few bucks? Make sure to check the whole price - many "$49" services bury hidden fees in the state fee, charges outrageous fees for shipping or have massive hidden fees (escalating Registered Agent annual fees, etc.).

4. Introductory (1-6 months) and "Free" Registered Agent service.

"Free" Registered Agent service in our experience has a nasty habit of becoming very expensive, rates start at "Free" and suddenly 18 months later you're paying $269/year - read the fine print. Our Registered Agent service is $99/year and guaranteed to never increase. Our billing is simple with 60 day notices before the billing date; cancel anytime.

5. Not Doing Your Research.

The service looks great, the website looks professional, the fees are acceptable and you're ready to order. Have you verified their Better Business Bureau (BBB) Membership? Search on Google for "CompanyName complaints" to see some really terrible reviews of some of our competitors. Check to see if the company has been around for a while and if they've got verified testimonials or reviews. Compare with our verified credentials and verified reviews.

Why Incorporate or Form an LLC?

Incorporating or forming an LLC is a great first step in starting your business. We'll go over the differences between the two as you read on, but for now let's just focus on the good stuff. Both the Corporation and the LLC act as a separate legal entity that can:

- **Reduce Liability** - a Corporation or LLC is its own separate legal entity and can protect your personal assets, such as your home and personal savings, from business debt or lawsuits.
- **Add Credibility** - The "Corporation" or "LLC" ending on the company name indicates an official, registered company.
- **Build Business Credit** - a Corporation or LLC can build a new credit profile separate from the owners to receive loans, credit cards, lines of credit, etc.
- **Reduce Taxes** - both Corporations and LLCs have tax advantages that can save you money.]
- **Protect a 1-Person Company** - you can form a 1-person Corporation or LLC with one owner in any state and receive all the same benefits as a larger company.

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Choosing an Entity: Corporation, S-Corporation or LLC

Corporation
The Corporation, also known as a C-Corporation, is the most enduring form of business entity. It acts as a distinct legal entity that is separate from the owners (known as shareholders). It's akin to creating a new "person" with its own name and social security number (called the FEIN or Federal Tax ID Number; which we can assist you in obtaining).

S-Corporation
After a Corporation has been formed, it may elect "S-Corporation Status" by adopting an appropriate resolution and submitting a form to the Internal Revenue Service (some states require their own version). The S-Corporation is taxed like a partnership or sole proprietorship, meaning the income is "passed-through" to the shareholders to be included in their personal tax returns.

Limited Liability Company (LLC)
Like a Corporation, the LLC is a separate legal entity and offers liability protection to its owners; unlike a Corporation, there is no stock and there are fewer formalities. LLC owners are known as "members".

Business Entity Comparison Chart

	Corporation (C-Corporation)	**S-Corporation**	**LLC**
Liability Protection	Shields the owners' personal assets from company lawsuits or debt.	Offers the same protection as a Corporation.	Offers the same protection as a Corporation.
Management Structure and Operation	Shareholders own the company stock. Shareholders elect Directors (the "Board of Directors"), Directors appoint Officers (President, Secretary, Treasurer, etc.) and Officers run the company. Rules for operating are set in the Corporate Bylaws.	The same as a Corporation, but can only have up to 100 shareholders and those shareholders must all be U.S. Citizens.	No shareholders; members have full ownership of the company. The members' roles and the rules for operating are outlined in the LLC Operating Agreement. May appoint "Managers" to run the company (who may or may not be Members).
Business Formalities and Record-Keeping	Annual shareholder and Board meetings are required. Annual Reports are required (most states).	The same as a Corporation.	No formal meetings are required other than the Annual Members' Meeting. Annual Reports are required (most states).
Taxation	Taxed as its own entity. Shareholders do not record company taxes on personal tax returns.	The entity is not taxed. Profits and losses are passed through to the shareholders.	The entity is not taxed. Profits and losses are passed through to the members.
Best For	Owners who want maximum liability protection, tax benefits and management structure.	Owners who want the liability protection of a Corporation with simpler "pass through" taxation.	Owners who want the liability protection of a Corporation with less formality and simpler taxation.

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Which State To Choose?

Your Home State

For the majority of small businesses, incorporating or forming an LLC in your home state is usually the easiest and least expensive option. This is because virtually every state has laws that require you to "re-register" an out-of-state company in the state where it is actually doing business. For example, if you form a Delaware corporation but your physical business is located in Colorado, the state of Colorado will want you to "re-register" as what's called a "foreign corporation" (a company that was not originally incorporated in Colorado). You will probably have not avoided any taxes or fees, plus there is the added expense of registering as a foreign corporation in your home state and any annual fees in both states.

We can file a foreign qualification in any state, click here to learn more and order online.

Common Reasons for Choosing Delaware, Nevada or Wyoming

- **Prestige:** A Delaware or Nevada entity is the chosen business entity of the largest, most successful and fastest-growing companies in the world. A Delaware Corporation is practically required by venture capitalists before they will fund you. Wyoming has been called "Switzerland of the Rocky Mountains" by *The Economist* magazine.
- **Protection:** Predatory consumers or lawyers who attempt to threaten companies may be more hesitant to deal with a Delaware, Nevada or Wyoming company knowing that the body of law protecting the company may be more business friendly and protect the owners/shareholders more effectively.
- **Convenience:** In some cases, a business may find itself moving from state to state or having partners all over the country. In this case, some businesses find it easier to simply use a Delaware, Nevada or Wyoming entity as a sort of "headquarters" that maintains the company while it moves or expands to other States. This can be easier than continuously creating and dissolving in-state companies (and changing Tax ID Numbers, Bank Accounts, Registered Agent addresses, etc.)
- **High-Growth or High-Risk Company:** if your company is fast-growing or engaged in a risky industry (such as fireworks or children's toys), then Delaware, Nevada or Wyoming may provide the liability protection you need. Also, if your company is fast-growing, choosing Delaware or Nevada now may prevent you from needing to inevitably re-incorporate there in the future when your company needs to go public or receive venture funding, etc.
- **Holding Property or Independent Contractor:** A client who simply needs an entity and a bank account to purchase or hold property, accept payments as a contractor or receive investment money will form a Delaware, Nevada or Wyoming company for this purpose since they are really not "operating a business" in their home state. In fact, many of our clients simply form the company and leave it "on the shelf" until they are ready to engage in business.

For a detailed list of the pros and cons of starting your company in Delaware, Nevada or Wyoming, please visit our State Page.

The New Mexico LLC: Privacy and Low-Maintenance

It's a little-known fact that the New Mexico LLC (if you use a 3rd party Registered Agent; we can provide this) is the most private and low-maintenance business entity in the US.

- New Mexico does not record the names and/or addresses of the Members for LLCs on their initial filing and New Mexico LLCs do not file annual reports so, for an LLC in New Mexico, member information is never listed on the state database (only applies to LLCs, Corporations have to list Directors).
- No Annual Report for NM LLCs also means that there is no yearly fee to pay to the state to keep the LLC active.

So as long as you use a 3rd party Registered Agent, you can form a New Mexico LLC and there will be no public record of the ownership in the state database.

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Why Use Our Service?

1. Complete Incorporation and LLC Formation Packages

Other services will only file the incorporation or Limited Liability Company (LLC) papers and leave it up to you to figure out how to setup your company, hold the organizational meetings and sign the appropriate documents and waivers.

Most of those $49 and $99 Packages are just that: the name search and filing the papers. This does little good as your corporation is almost useless without being organized properly: stock issued, Bylaws adopted (Operating Agreement for an LLC) etc.

In fact, a corporation or LLC that has not performed the necessary after-formation procedures will likely not be considered a separate entity by law and will expose you to personal liability (and thus cancel many of the benefits of incorporating in the first place).

Our Basic Package includes searching your name choices for availability and the preparation and filing ofthe paperwork with the state of your choice.

Then, once your filing is complete, we will provide you with complete personalized Corporate Bylaws (or Operating Agreement if an LLC), corporate documents and necessary meetings “ready for signature”.

2. The Startup Wizard

The Startup Wizard is an online interactive startup checklist that is personalized to your state and company type (Corporation, LLC, etc.) that guides you step-by-step through what you need to do to properly organize your company after it’s been formed.

Other services assume that you know how to hold the appropriate meetings, adopt Operating Agreements or Bylaws or issue stock. Our experience is that most people don’t know these formalities and a lawyer will

charge you by the hour to guide you. Let The Startup Wizard guide you in minutes instead of hours!

Features:

- Included FREE with every business formation.
- Covers steps such as getting a business license or resale permit.
- Simple instructions for holding an Organizational Meeting, adopting Bylaws or Operating Agreements and Issuing Stock or Member Certificates.
- Progress Tracking (0 to 100%) as you complete each step.
- Weekly Automatic Email Reminder with attached PDF summary of remaining steps. Unsubscribe anytime.
- Downloadable as a PDF file if you prefer to print or view/save elsewhere.
- Multiple companies? You get a Startup Wizard for each one so you can track them separately.

Benefits:

- Don't spend hours learning these critical steps, let the Startup Wizard guide you step-by-step.
- Save hundreds of dollars in time saved by having a simple checklist of things other services would charge you for.
- Properly set-up your new company without having to learn complex legal forms or procedures
- Prevent costly mistakes or errors in the set-up of your company that could cause problems in the future (perhaps allowing lawyers to pierce your "Corporate Veil" and expose personal assets).
- If you utilize our service for your clients you can give them personalized guidance using the Startup Wizard.
- Peace of mind that you've set-up your company properly the first time.

3. Truly the Lowest Prices

For what our service includes, our prices can't be matched. A lawyer would charge you approximately $800-$1,200 for the same services. Our Basic Package starts at just $79 + State Fees.

This fee includes searching for name availability, filing of your paperwork, the Startup Wizard, the Organizational Meeting minutes, the personalized Bylaws (or Operating Agreement), Notice of Waivers, Yearly Meeting Minutes, our Free Corporate/LLC Handbook and FREE scanning and Electronic Delivery.

Click here for a side-by-side comparison of our services to the competition.

4. No Hidden Fees

Compare the total price! Other services include various "correspondent" and "handling" fees disguised as a state fee (we only charge the actual state fee). Some will charge you to be your own Registered Agent (we don't). Be sure to compare what our state fee is and what their "state fee" is, sometimes the difference is considerable.

5. Personal Service and Verified Credentials

We are A+ Rated BBB Honor Roll Members (for every year since 2003) and have hundreds of 5 Star Verified Reviews. More importantly, we are fast and friendly — most of our emails are answered within an hour, we actually answer our phone and if we are busy, voicemails are returned usually within 10-20 minutes (during business hours).

6. Experience

Most importantly, we have incorporated thousands of companies and LLC's nationwide since 2001. When

you choose us, you can rest assured your new filing will be done right. If for some reason your filing is rejected (this is rare), we will correct it until it is accepted.

7. Service in all 50 States and D.C.

We can file in any state and we actually have experience with every state (unlike some of our competitors). In most states we have filed thousands of filings.

8. 100% Satisfaction Guarantee

Click here to read about our 100% Satisfaction Guarantee.

9. Industry-leading, State-of-the-Art Order Management System

Simple online ordering with automatic email confirmations, status updates and email notifications of filing status changes. Once you've ordered with us, our system keeps your information for quick ordering of additional products and services. Using one account, you can keep track of multiple orders, companies and filings — great for attorneys and other professionals.

10. Free Handbooks with Every Order

Each corporation or LLC order includes access to a free handbook that details virtually everything you'll need to know about starting, managing and even changing or closing your company. None of our competitors provide this. We also include an Annual Checklist for maintaining your company and even a checklist of things to do when closing your company.

11. Free Alerts and Timely Renewal Notifications

If your state requires an Annual Report our system will send you an e-mail alert before it's due. Also, if you order anything that is billed on a recurring basis, you receive several alerts starting at 60 days before the renewal date should you want to cancel or need to change your billing method - no surprise charges.

International Customers

How to Form a US Company

If you are located outside the United States and wish to form a company in the US (either to open a US bank account, merchant account, sell on Amazon or other vendors, open a US branch or any other reason), then MyCompanyWorks can help you.

The process can be a bit tricky, so it's important to follow this checklist closely before you begin because slight deviations may make opening a bank account (or registering with selling platforms like Amazon) more difficult.

The only 2 decisions you need to start are which type of business entity (corporation or LLC) to form and which US state to choose (US companies are formed in the states). By far, the vast majority of our international customers are forming an LLC in Wyoming (or if they want to get funding or venture capital, a Delaware corporation).

First, form and register your US company through https://www.mycompanyworks.com/. You will need the documents which we prepare and obtain for you called "Articles of Organization" or "Articles of Incorporation" (some states have different names for these documents).

NOTE: when you are setting up your company, it is important that you are consistent with names and addresses in all applications. Use the exact same name as shown on your passport or ID. In addition, if you set up a US business address and phone number it is important you use them on all US vendor applications (especially Amazon, etc.).

The Options to Choose (depending on what your needs are):

1. **EIN.** All US banks require your company to have a Federal Employer Tax Identification Number ("FEIN" or "EIN") from the Internal Revenue Service ("IRS"). Think of this as the ID number for your company. We can obtain this for you as part of your order but note the processing time is much longer (currently around 10-12 weeks) if you don't have a US Social Security Number (SSN).
2. **Registered Agent**. If you don't have a US address, you'll need one to be the legal contact for the company and we can provide this in any US state (it must be a physical address and be open during business hours). Note, this is different from a US business address (see below).
3. **US Phone Number**. Some vendors like Amazon, Stripe and others require a US phone number. Most accept a VOIP number (in the same area code as your business address - see below) that forwards to your international number (which we can provide). Rarely, some may require a "landline" number which may be more difficult to acquire. Generally speaking, if you're going to operate a US business, it's probably a good idea to get at least a VOIP forwarding phone number for your customers and vendors.
4. **US Business Address**. Many vendors require a US business address and we can provide what is called a "Private Mailbox" or (PMB) address in Nevada and Wyoming (also called a "Virtual Office"). We have partners who can provide this in any other state as well. The requirements to set this up include a notarized document with 2 forms of identification (we're partnered with an e-notary service that can complete this online for under $100 or notarization may be available at your local bank or embassy for less). Please read the section below about *How to Sell on Amazon and Other Platforms* for more information on if a virtual office will work for you.

5. **Other Options?** This is a simplified checklist, we've created a step-by-step resource to explain the process above in more detail.

How to Open a US Bank Account (or an Alternative)

Unless there is a local branch of a US bank in your country, your best option to open a bank account is Mercury Bank (which includes a debit card). They can open an account online for the vast majority of customers (note that some industries and countries are restricted) and Mercury works with our Virtual Office service.

If you don't want to (or can't) use Mercury, you can try Relay Bank. Most other banks are going to require you to visit the US to open the account, so another option may be for you to have someone you trust with a Social Security Number become a Manager of your LLC or Director of your corporation (typically, they would not own a share of the company and only assist you to open the account) and open the bank account. An added bonus is they can be listed on the EIN as the "Responsible Party" and we can obtain the EIN much quicker (within days of formation instead of waiting weeks).

Another option is to open an account with a provider that provides a US bank account number that allows you to transfer funds to your personal or local bank account such as Transferwise (aka Wise) or Payoneer. This would be used, for example, to receive payments from online platforms.

Finally, if you do end up needing to visit the US, it's very important that you call the bank first (call the actual branch, not the 800 #), make the appointment, ideally with the same person you speak to and get the exact list of requirements you need to open the account before booking travel (banks can vary widely on their requirements, some may need other filings like "good standing" certificates).

How to Maintain the Company

Maintaining your US company is usually pretty simple. Keep your Registered Agent service active, file an Annual Report (in each state where you operate) and pay your US taxes. A simple checklist is below.

1. Apply for an ITIN as soon as you've obtained your EIN. You'll need an ITIN next year when your Federal Taxes are due.
2. Maintain your Registered Agent (and Business Address and phone provider if applicable). Our service will notify you 60 days before your annual billing date.
3. File your Annual Report (if required) and any other required state-level forms or fees. Our service will notify you of any Annual Reports due and you can file yourself or we can file for you.
4. Pay US Federal Taxes (this is important, there are significant late fees for non-US citizens).
5. Click here to see a step-by-step guide to all of the above including due dates and forms.

How to Sell on Amazon and Other Platforms

Selling on Amazon, Shopify, Etsy and other vendor platforms has become very popular in recent years. Unfortunately, so has fraud, and these platforms have made their requirements for becoming a seller much more difficult (and they are frequently changing). That said, here are some basic rules when applying to Amazon, Shopify, Etsy, etc.

1. Do your preparation and homework (follow this guidebook). Amazon and others have gotten very picky about their requirements and your chances of being approved are much better if you do it right the first time.
2. From what we can tell, about 50% of the time Amazon (varies with other vendors) will accept your seller application with a US business address and phone number. The other 50% of the time they may additionally require a utility bill, a business license or both. Sometimes they will approve your application, then require a utility bill or business license afterwards (sometimes months later).
3. We simply don't know what triggers the utility bill requirement but we believe the best option is to have a well-done initial application. So, as we mentioned above, you will want your business name, personal name, business address and phone number to all match exactly when you apply. Be consistent.
4. Document best practices:
    a. Provide PDF or PNG format files. No editable documents like Microsoft Word, Excel, RTF, etc.
    b. Do not provide screenshots. Provide proper pictures or scans. We recommend Genius Scan for Android or iPhone.
    c. No zipped files and certainly no files that have been edited.
    d. Do not cut off any edges in your scanned document.
    e. Provide the full document in color. Example: If it's a passport, provide all pages in one document; if it's a bank statement don't just provide the first page, provide all the pages.
5. If they do require a utility bill, here are bills that are usually accepted:
    a. Gas
    b. Electricity
    c. Internet
    d. Phone (Landline only, no mobile or VOIP providers)
    e. Sewer
    f. TV
    g. Water
6. If you don't have utilities at your current US business address, see if you can get your personal utility account in your business name with statements sent to your US business address. Many US business addresses (like ours) provide mail forwarding and scanning.
7. If you've already applied with bad or rejected information, then log back into your account (even if it's suspended) and update everything to the correct name, address, provide the correct files, etc. Reach out to the vendor support and mention you have updated your profile and provided correct information to help make your case.
8. If you still cannot get accepted, consider one of the firms that specializes in appealing to that platform. We've not vetted any of these so please do your research: Amazon Sellers Attorney, Thompson and Holt, AmazonSellersLawyer, AmazMarkets
9. NOTE: Have success with any tips or do we need to make corrections to this checklist? Please let us know at support@mycompanyworks.com with the subject "Platform Tips" so we can help others.

What You Need To Place An Order

Our simple online order form can be filled out in as little as 10 minutes, and you'll need to have the following information:

- **The Entity Type (Corporation or LLC) and State.**
- **Name choices** for your company (a primary choice and an alternate).
- The **shipping address** where we will send your package.
- The **business address** (the location where the business will be operated – a home address is acceptable and the business address can be in any state or country).
- The **Registered Agent name and address** - The Registered Agent is the official contact point for the state. This must be a physical address where the Agent can personally be reached during business hours, not a mailbox). If you're not personally present in the state where you're filing, we can act as your Registered Agent in any state for just $99/year.
- **Names and Addresses of the owners** of the company. For Corporations we'll need names and addresses of Officers (President, Secretary, Treasurer) and Directors; in many cases these are all the same person or group of people.
- **Method of Payment** - We accept all major credit and debit cards or PayPal for payment.

Order Worksheet

If you would like to place an order and need to collect information from others or want to brainstorm business name ideas here's a worksheet you can print before you place your order online.

Entity Type: Corporation | LLC Entity State: _____

Company Name Choices: 1) _____ 2) _____

Business Address: _____

Registered Agent Name and Address: _____
_____

Company Owners (Corporations and LLCs):

#1 LLC Member or Corporation Shareholder Name and Address:_____
_____

#2 LLC Member or Corporation Shareholder Name and Address:_____
_____

#3 LLC Member or Corporation Shareholder Name and Address:_____
_____

#4 LLC Member or Corporation Shareholder Name and Address:_____
_____

Officers (Corporations Only):

President:_____
Vice-President: _____
Treasurer:_____
Secretary:_____

Directors (Corporations Only):

Corporation Director #1:_____
Corporation Director #2:_____
Corporation Director #3:_____
Corporation Director #4:_____

NOTES:_____
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