

Guide to your
Corporation



About This guide

Congratulations on forming your corporation! Your company is now a legal entity, offering you all of the protections and advantages of a corporation. However, forming your corporation is only the first step you will take in starting and managing your corporation. This guide describes many common tasks companies complete as they are getting and as they grow and change over time.

Getting Your Corporation Started

Completing these tasks will help your corporation get started. Learn more about each task and how Carsal Tax Services, Inc can help you complete it.

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Managing Your Corporation

Planning for these tasks will help your corporation remain legally compliant and prepare your corporation for the future. Learn how Carsal Tax Services, Inc can help you manage your corporation.

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OPEN A CORPORATE BANK ACCOUNT

Separating your special assets from your corporation's assets can help protect your personal assets from company liabilities. One of the most important steps you can take to protect yourself and your corporation is, as soon as possible, to open a corporate bank account that separate from your personal bank account.

Why Open a Corporate Bank Account?

A corporation offers liability protection for the owners of the corporation. But in order to maintain this protection, it is crucial that corporate funds be kept separate from the personal funds of the owners. By keeping clear records and securing corporate funds in a separate bank account at all times, you can help maximize your liability protection.

Things to Consider

Banks offer a variety of incentives and features such as mobile banking, financial planning services, competitive rates, or no-fee banking. When selecting a bank account for your corporation, shop around and keep a list of your corporation's top banking needs in mind. When you do apply to open a bank account, and if applicable your corporation's State Tax ID number.

How to Open a Corporate Bank Account

Carsal Tax Service, Inc has partnered with banks and lenders to secure great rates, bonuses, and incentives for your company. You can learn more about our business banking partners by:

- contacting us at: (323) 569-4580 (Monday-Friday, 10AM-5PM)

OPEN A CORPORATE CREDIT CARD

A corporate credit card can offer you many advantages, from travel miles to reward point, but the most important advantage it offers you and your corporation is a simple way to keep your corporate and personal funds separate.

Why Use a Corporate Credit Card?

A common mistake business owners make is to mix personal and business funds. Mixing personal and business funds could risk losing the corporation's liability protection. Using separate credit cards for business and personal expenses makes it easier to keep these two sets of funds separate.

Things to Consider

Credit cards can provide travel rewards, cash back, or low APRs. Some business use a rewards card to pay monthly expenses, service feed, and other miscellaneous bills to quickly build a surplus or reward points.

How to apply for a Credit Card

Carsal Tax Service, Inc makes it easy to open a credit card with our partners. You can learn more about credit cards created specifically for small and medium-sized businesses by:

- contacting us at: (323) 569-4580 (Monday-Friday, 10AM-5PM)

OBTAIN ANY REQUIRED BUSINESS LICENSES

Your corporation is responsible for obtaining required forms, permits, and certifications to remain compliant with federal, state and local regulations.

Why is this important?

Depending on your corporation's location and type of business, the corporation may be required to file several forms, and obtain permits or other certifications in order to comply with federal, state and local laws and to avoid additional fees, fines or other penalties.

How to Find the forms you Need

Carsal Tax Service, Inc can provide the licenses you may need for your company. You can learn more about this service by:

- contacting us at: (323) 569-4580 (Monday-Friday, 10AM-5PM)

REVIEW YOUR INCORPORATION WITH AN ATTORNEY

Carsal Tax Service, Inc can refer you to a licensed attorney to talk about getting your corporation started. The attorney can also provide other services for your corporation, such as reviewing documents and drafting letters on your behalf.

Why Talk to an Attorney About Your Incorporation?

An attorney can offer advice on starting your business and help you make important financial and business decisions. Common topics to discuss with attorney while starting your corporation include:

- The details of your corporation's Bylaws including the rights and responsibilities among shareholders (if there is more than one shareholder)
- What type of business insurance you should consider
- How you can best preserve your corporation's limited liability protection
- What issues to consider if you are hiring, or will hire, employees

Other Attorney Services to Help Your Corporation

Your attorney can also help your corporation by reviewing paperwork, forms, and legal documents and drafting letters or making phone calls on your corporation's behalf. Attorneys regularly review or assist with the following types of documents:

- Corporate Bylaws
- Corporate Resolutions
- Employment Agreements
- Insurance Policies
- Business Services Contracts

You can learn more about this service by:

- contacting us at: (323) 569-4580 (Monday-Friday, 10AM-5PM)

REVIEW YOUR CORPORATE TAX OPTIONS WITH AN ACCOUNTANT

An accountant can help you ensure that your corporation complies with federal and state tax obligations, and work with you to ensure that your corporation will not pay more in taxes than is legally required.

Things to Consider

Consider speaking with an accountant as soon as possible to understand an plan for any tax issues facing the corporation and its shareholders, and to ensure that you have considered all your options. You should choose an accountant who is experienced in advising small business owners in the state (or states) where your corporation does business. Also ask about how the accountant will be paid, what other services the accountant offers beyond tax preparation, and the fees for each type of service.

How Corporations are Taxed

By default, a corporation is taxed as a "C-corporation" meaning that its profits are subject to "double taxation". This means that the corporation's profits are taxed at two levels. First, the corporation pays tax on its profits. Second, after profits are distributed to the shareholders, the shareholders pay taxes on money received.

How to speak to an Accountant

Carsal Tax Service, Inc has the Accountant you need. We are the Masters in the Art of Accounting! You can learn more about this service by contacting us:

- contacting us at: (323) 569-4580 (Monday-Friday, 10AM-5PM)

GET ADVICE FROM A BUSINESS ADVISOR

A business advisor can help you address challenges your corporation may be facing or just help to give you a new perspective on business.

Why Speak with an Advisor?

There are different types of advisors that can help your business. A financial advisor can help you develop and execute a financial plan for your corporation that will help it grow. A business mentor can help you determine your business strategy and address challenges in growing your corporation. Tax advisors help you prepare and file your corporation's tax returns and help manage your corporation's accounting requirements.

Things to Consider

Before speaking with an advisor, consider what you want to accomplish and what you have done so far to reach your goals. Choose an advisor that has experience with companies like yours and is familiar with the issues they face. Also consider choosing an accredited advisor; accreditation from an industry specific authority typically indicates the advisor is well trained and experienced with specific business issues. Before you hire an advisor, you should ask how the advisor is paid. Some advisors are paid by commission, others charge by the project, and others charge an hourly rate.

How to Contact an Advisor

Carsal Tax Service, Inc put your company in contact with professional, accredited advisors and mentors. You can learn more about speaking with a business advisor by:

- contacting us at: (323) 569-4580 (Monday-Friday, 10AM-5PM)

CHOOSE AN INSURANCE POLICY

Business insurance can protect your company's assets and property in the event of an employee accident, natural disaster, theft, or other unforeseen event.

Why Get Insurance?

Personal property insurance policies typically cover damage or loss and personal injury claims, while business insurance can cover much more.

In addition to property insurance, other common types of business insurance are: General Liability, Workers Compensation, Business Owner's Policies, and Commercial Auto Insurance.

General Liability - General Liability policies typically cover physical injury or property damage claims related to your business, including claims related to events that occur on your premises, personal injury, and protection against fraudulent claims against your business. These policies also typically cover claims for slander or libel. This is the most common type of commercial insurance and typically the starting point for other insurance policies.

Business Owner's Policy - Typically sold as a "combo" package of other insurance policies, Business Owner's Policies are very popular because they offer the simplicity of managing a single policy for your business that includes coverage for a wide range of claims.

Workers Compensation - Workers Compensation insurance is typically required by law if your company has employees. It provides payments to employees injured on the job.

Commercial Auto Insurance - Commercial Auto coverage covers accidents involving company vehicles that result in property or physical damage.

How Carsal Tax Service, Inc Can Help

Carsal Tax Service, Inc can put you in touch with a variety of tools to help you research and choose an insurance provider. You can learn more about finding insurance policies by:

- contacting us at: (323) 569-4580 (Monday-Friday, 10AM-5PM)

REGISTER YOUR CORPORATION'S TRADEMARKS

Your company name, logo, slogan and other trademarks may be eligible for legal protection. Carsal Tax Service, Inc help you federally register your corporation's trademarks to get the maximum protection for these valuable business assets.

About Trademarks

Trademarks are logos, names, and slogans that build and protect your corporation's identity and help you market it to the public. Federally registered trademarks are protected by US law, and allow you to take legal action against others who may try to infringe on your corporation's identity and goodwill.

Trademark rights are typically granted to the first person of corporation to use a particular trademark when selling particular products or services.

How to Get a Trademark Search

One of the biggest challenges related to securing a trademark is determining if an identical or similar trademark to yours is already in use or registered. Carsal Tax Service can help you conduct a search of existing trademarks and then apply to register your company's trademark. You can learn more about trademarks by:

- contacting us at: (323) 569-4580 (Monday-Friday, 10AM-5PM)

MAINTAIN CORPORATE MINUTES

Your corporation is responsible for maintaining proper records of the results of shareholders votes, board meetings and other important corporate events. These official records are known as the corporation's meeting minutes.

Why is this Important

In order to maintain liability protection for the corporation's shareholders, it is important to establish that the corporation is a separate legal entity. Keeping complete and good meeting minutes will help protect both, the corporation and the shareholders in the event that the corporation's validity as a separate entity is challenged.

How to Maintain Corporate Minutes

Carsal Tax Service, Inc offers a Corporate Minutes Manager service that can assist you with maintaining your corporation's minutes. You can learn more about this service by:

- contacting us at: (323) 569-4580 (Monday-Friday, 10AM-5PM)

WORK WITH YOUR REGISTERED AGENT

Your state government requires that your company designate a registered agent that is authorized by your company to receive legal documents (such as a summons or subpoena) or official state and federal notices.

What Does a Registered Agent Do?

The purpose of a registered agent is to provide a legal address so these important documents can be delivered properly. After the registered agent receives court notices, service of process, or other legal documents addressed to your company, the registered agent should forward these documents to the designated contact at your company. A registered agent can be a person or a company.

How to Use Carsal Tax Service, Inc as Your Registered Agent

Carsal Tax Service, Inc can provide your company with a registered agent service that includes the following benefits:

- Protects your privacy by making it less likely that you will be notified of a lawsuit in public, and receives other correspondence on your company's behalf

You can learn more about this service by:

- contacting us at: (323) 569-4580 (Monday-Friday, 10AM-5PM)

APPLY FOR FOREIGN QUALIFICATION

Some types of business transactions that cross state lines may require your company to be registered to do business in other states. This registration is called *foreign qualification*.

Why is Foreign Qualification Important?

If your company is found to be transacting business in a state without registering with that state, your company may face substantial financial penalties, and may even be banned from conducting business in that state.

Things to Consider

Typically, a company that is engaged in the following activities outside its home state will NOT have to file for foreign qualification:

- selling products by mail to customers in the state
- Maintaining a bank account in a foreign state

If you are thinking about more extensive business activities in another state, such as opening an office or having employees work in another state, you should speak to an attorney about your company's specific situation and plans. You can learn more about speaking with an attorney by:

- contacting us at: (323) 569-4580 (Monday-Friday, 10AM-5PM)

MANAGE HUMAN RESOURCES

If you are considering hiring employees, or are just going to pay yourself a salary, it is important to manage employee issues as payroll, background checks, and government policies.

What Can a Human Resources Department Do for Your Company?

In many small businesses, the owner or manager acts as a "one person" human resources department. Some of the duties of a human resource department include:

- **Background Checks** - Many small businesses choose to conduct background checks on applicants for positions that involve handling cash or accessing sensitive data. A background check can help you build the team you need to grow your business.
- **Labor Compliance** - Labor compliance can be a complicated topic. If your company has employees, the company may be required to display official posters regarding employee rights, and may have more complex requirements depending on the goods and services your company provides.
- **Payroll** - In addition to making sure everyone is paid on time, payroll tasks include complying with federal and local wage regulations.
- **Employee Issues** - Human resources departments typically ensure that all employees meet regulations for safety education and that employees are aware of their benefits. A human resources department may also manage vacation and other scheduling conflicts, and help resolve disputes between employees.

Things to Consider

Your company may not need a full time human resources manager, especially if the company is very small, very mobile, or does not have many employees. There are many companies that provide specific human resources services from payroll administration to helping your company with federal, state and local labor laws.

How Carsal Tax Service, Inc Can Help

Carsal Tax Service, Inc offers a payroll administration service and help your company comply with federal, state and local labor laws. You can learn more about this service by:

- contacting us at: (323) 569-4580 (Monday-Friday, 10AM-5PM)

AMEND THE CORPORATION'S LEGAL DOCUMENTS

If you need to change any information on your corporation's Articles of Incorporation (such as the corporation's name) or Bylaws, your corporation will need to amend the correct documents and notify the affected individuals, companies, and governmental agencies.

Why is Amending Legal Documents Important?

Some common reasons to amend a document are:

- Changing the corporation's name
- Changing a portion of the corporation's Bylaws
- Changing your corporation's management ownership structure

To ensure that any changes to your company's Articles or Bylaws will hold up if challenged in court or elsewhere, you will need to properly amend these documents in accordance with state law and your company's governing documents.

Things to Consider

Amending your company's legal documents can be a very involved process. In addition to meeting state requirements, your company will have to notify third parties such as your company's bank, investors, creditors, customers, and others.

If you are considering a significant change to your company, such as the rules governing how it is managed, you may want to speak with an attorney to learn what steps are involved. To learn how to speak to an attorney please see page:

- *Review Your Incorporation with an Attorney*

How Carsal Tax Service, Inc Can Help

When you are ready to make an amendment, Carsal Tax Service, Inc can help you. You can learn more about making amendments by:

- contacting us at: (323) 569-4580 (Monday-Friday, 10AM-5PM)

CHANGE OWNERSHIP OF THE CORPORATION

As your corporation grows, the owners may decide to add new shareholders, or to sell all or part of their stake in the corporation. The rules for selling all or part of your corporation are partly governed by the Bylaws and also, under certain circumstances, by state and federal laws, including federal securities laws.

Things to Consider

The rules for adding and removing shareholders and selling or transferring shares are in your corporation's Bylaws. If a particular situation is not specifically addressed in the Bylaws, it is generally governed by state law. Changes in corporate ownership may also need to comply with state and federal securities laws. This is particularly important if you are selling all or part of the corporation to an outside investor.

This sort of change may also have tax consequences for the corporation and its shareholders. You should speak with an attorney about these sorts of changes, as well as ensuring that any shareholder seeking to transfer his or her interest obtains approval from other shareholders (if necessary). These types of changes are typically reflected in the corporation's records.

How to Get Help with Changing Ownership of the Corporation

If you are adding or removing a shareholder, you need to make sure your corporation's records reflect the change. Depending on your state's rules, your corporation may also need to file documents with the state to record the change.

If you want more information about changing the ownership of your corporation, you should speak to an attorney.

How Carsal Tax Service, Inc Can Help

When you are ready to make these changes Carsal Tax Service, Inc can help you, you can learn more by:

- contacting us at: (323) 569-4580 (Monday-Friday, 10AM-5PM)

CHANGE THE LEGAL STRUCTURE OF YOUR CORPORATION

Although you have formed your company as a corporation, your company's or its owners' needs could change over time and it may be advantageous to convert your corporation into a limited liability company, limited partnership or other structure such as nonprofit entity or unincorporated association.

Things to Consider

The owners of a corporation may want to change its structure for a variety of reasons. Some reasons to consider changing the structure of a corporation are:

- There may be favorable tax consequences to operating as a different structure
- An outside investor insists that the corporation convert to a different structure such as a limited liability company
- The owners decide that the corporation could better accomplish its mission as a nonprofit entity

Whatever the reason, if you are considering changing your business structure you should speak with an attorney to help you understand the issues involved with these types of changes.

How Carsal Tax Service, Inc Can Help

The steps for changing the legal structure of a company vary greatly from state to state. You can learn more about converting your company by:

- contacting us at: (323) 569-4580 (Monday-Friday, 10AM-5PM)

INCLUDE THE CORPORATION IN YOUR ESTATE PLAN

Your ownership interest in a corporation is considered an asset and part of your estate, and as such it can be passed on to your beneficiaries.

Why is Estate Planning Important?

Your ownership interest in the corporation can be distributed to your successors under your Last Will or Trust. Your corporation's Bylaws include information regarding the rights of any of your successors, beneficiaries or other recipients of your business interests.

Things to Consider

The corporation's *Bylaws* typically explain how your ownership interest in the corporation can be distributed upon member's death and how that distribution will affect the other shareholders and the corporation itself.

There are many different tools available to create your estate plan. An attorney can help you to learn more about how to best protect and distribute your business interests. To learn how to schedule an attorney review:

- contacting us at: (323) 569-4580 (Monday-Friday, 10AM-5PM)

LEARN MORE ABOUT YOUR CORPORATION

Articles of Incorporation

This document is like certificate for a corporation. Your corporation is formed when this document is filed with the state. Your corporation cannot conduct any business or official act until the document is filed by the state.

Carsal Tax Service, Inc can help you file your Articles of Incorporation with the government agency in the state you chose.

Once the Articles are filed and your corporation is legally formed, your corporation will need to periodically file reports with the state. Typically your corporation must file reports annually (or in some states biannually) depending on state laws.

Employer Identification Number

An EIN is like a business's Social Security Number. It is used by the Internal Revenue Service to identify your business. An EIN is considered sensitive information for your corporation and you should protect it the same way you protect your own Social Security Number. Note that credit bureaus can tell the difference between EIN and Social Security Number.

State Tax Identification

The State Tax Identification number will be used when filling your corporation's state tax return. This is similar to, but different from, the EIN which is federal identification number for businesses. Typically a corporation will only be required to obtain a State Tax Identification number if it has employees.

Bylaws

The Bylaws of a corporation are the rules and procedures that govern the corporation's business affairs, and establish the rights and responsibilities of the corporation's shareholders, officers, and directors.

LEARN MORE ABOUT YOUR CORPORATION

Registered Agent

State law requires that every corporation designate a registered agent. A corporation's registered agent is a person or company that has a physical address, not a post office box or similar type of address, and is authorized by the corporation to receive service of legal documents (such as a summons or subpoena) or official notices from the state on the corporation's behalf. A registered agent accepts delivery of tax and legal documents, making sure you don't miss important information regarding tax bill, lawsuits, or judgments involving your business.

You can choose to have Carsal Tax Service, Inc serve as your registered agent. As your registered agent, Carsal Tax Service, Inc will provide the following services:

- Accepting delivery of official legal papers, such as service of process or subpoenas so your corporation does not miss important court papers
- Protecting your privacy by receiving and notifying you of court notices and *service of process*