

TOP 10 REASONS TO CONTACT AN ATTORNEY BEFORE CHOOSING A BUSINESS FORM

When people decide to start a business, they usually have a great idea and some money to invest in the enterprise. Some people opt to start the business by themselves or with family members; others have partners or other investors who will not be involved with the management of the business. The law is not the same for any of these situations, and even business people who decide to go it alone have options to protect themselves from personal liability for business debts and obligations. A lawyer can help you focus on all of the following important considerations.

10. Contracts. Most businesses execute contracts for space, services, and supplies. Businesses often have agreements between partners, investors, and employees. It is important to get it right so you don't end up in court.

9. Registering, Licensing, and Permits. Some business entities are required to register with the state in order to be recognized. Even businesses that are not required to register may be required to obtain licenses or permits.

8. Control. The choice of business entity often dictates the manner in which the business is operated. Choosing the wrong entity may make you personally liable for the wrongs of employees or partners.

7. Multi-state Business. The preconditions to forming and conducting a business entity in one state may not be accepted in another state. If you are not careful, the protections you have in your home state of operations may be lost if you do business in another state.

6. Strict Conformity. With some business entities you must strictly conform to the state law governing that business form or you lose its benefits and protections.

5. Capital. Businesses need to raise money, keep records of income and distributions, and behave in a fiscally responsible manner. Different business entities may require different procedures for raising capital and making distributions.

4. Variety of Entities. Although there are five basic business entities, there are other options within these entities that determine things like double taxation and liability for the acts of partners.

3. Autonomy. With many business entities, the things you don't decide are decided for you. Most states have adopted "Uniform Laws" that fill in the gaps for business entities where their charters, by-laws, and other organizing documents are silent. You may be subject to a whole set of laws and regulations that you don't even know exist.

2. Tax. Different business forms provide different tax advantages and disadvantages. The only thing more crucial to a new business is liability.

1. Liability. Different business forms provide different protections and risks to the business owner/investor. Personal liability means that your business puts everything you own at risk. An attorney can help you avoid this situation or minimize your risk. Knowing about your personal liability and reducing the risk that your business may devastate the economic well-being of you and your family is worth the visit to your attorney.