



The Benefits of Incorporating a Business

There are many benefits of incorporating your business and the most important ones include asset protection through limited liability, corporate identity creation, perpetual life of the company, transferability of ownership, an ability to build credit and raise capital, flexibility with the number of business owners, and tax savings. And best of all, because there are no attorneys' fees when using Allied Tax Group LLC., the cost of incorporating is affordable.

Let's further break down each benefit of starting a corporation.

Asset Protection Through Limited Liability

A properly formed corporation is recognized as a Separate Legal Entity with its own Federal Tax Identification Number. The corporation is responsible for its liabilities and its debts...NOT the owners.

Example: Defaulting on a Lease

For example, let's say ABC Corporation has \$1,000 in corporate assets (cash and computers). Business is slow and there is 12 months of rent remaining on the lease. If ABC Corporation was properly formed, and if the lease was executed by "ABC Corporation", the landlord will only be able to reach the \$1,000 of assets within the corporation. The shareholders (or owners) of the corporation will most likely NOT be liable for any payments remaining on the lease.

Here, the corporation served its purpose and provided true asset protection for its shareholders.

A sole proprietor (or partners in a partnership), by contrast, is personally liable for all business obligations. Therefore, the business owner who did not incorporate or form an LLC (Limited liability Company) may lose his/her personal assets to satisfy the debts or judgments including their homes, cars, and personal savings and investments.

However, any benefits of incorporating may be lost where the business commits fraud, neglects corporate formalities, or comingles assets.

For true asset protection, and to avoid personal liability, most business owners should incorporate a business. A properly operated corporation or LLC limits the liability of its shareholders to the amount they invested in the company... in most cases :)

Creation of Corporate Identity

Marketing studies show, adding an “Incorporated” or “LLC” to the end of a business name provides a sense of credibility and trust. One sure-fire way to success in business is to conduct your business legitimately and with honesty.

Perpetual Life for the Business

A Corporation is a separate legal entity with an existence of its own and a perpetual life. Therefore, the business may continue far beyond this lifetime and into future generations.

Sole proprietorships end upon the death of the owner. A Corporation, however, continues indefinitely until it is dissolved. Shares of ownership in a corporation can generally be sold, gifted, or bequeathed to others.

Transferability of Ownership

A sole proprietorship does not have a life apart from its owner and it may not be transferred to a third party. The corporation, however, provides an excellent vehicle for transferring ownership: Ownership may be transferred by an exchange of assets for stock.

Ability to Build Credit and Raise Capital

Because a corporation is a separate legal entity with its own tax identification number (similar to a social security number for an individual) a corporation can build credit, borrow money and sell equity to raise capital. Most investors prefer investing in a corporation or LLC because of the limited liability and ease of transfer of the investment.

Flexibility With the Number of Owners

Corporations and LLCs generally allow for an unlimited number of shareholders (except S-Corporations, which have a limit of 100 shareholders).

Tax Savings

The tax rate for Federal Income Tax is lower for corporations than it is for individuals. In addition, corporations may be eligible for many tax deductions not available individuals or partnerships.

No Attorneys Fees

With Allied Tax Group LLC, the cost of incorporating is affordable. In most states, incorporating a business does not require costly attorney fees. In fact, YOU can visit the state office and file articles of incorporation yourself.

Note: There is no replacement for sound legal advice. If you can afford an attorney and you feel you would like advice on what solution is best for your particular circumstances and additional benefits of incorporating your business, please contact a licensed attorney in your jurisdiction. Neither Allied Tax Group LLC nor any of our competitors are qualified to provide you with legal advice.

Plus, you get a 100% MONEY-BACK Guarantee *