



## LLC's Made Simple Cheat Sheet

**NY Business Express:** <https://www.businessexpress.ny.gov/>

**Sample Operating Agreement** (Single Member):

**Sample Operating Agreement** (Dual Member):

**Operating Agreement Explainer:**

**File Your EIN:** <https://www.irs.gov/businesses/small-businesses-self-employed/get-an-employer-identification-number>

### Choose Your Entity

Entity Type	Best For	Liability Protection	Taxation	Complexity
<b>Sole Proprietor</b>	Freelancers, small side businesses	None (personal assets at risk)	Self-employment tax on all profits	Easiest (no separate filings)
<b>LLC (default)</b>	Small businesses, those needing liability protection	Personal assets protected (if properly managed)	Default: Pass-through (Self-employment tax)	Moderate (Articles of Organization, Operating Agreement)
<b>S Corp</b>	Businesses planning to pay owners a salary	Limited liability	Avoids self-employment tax on distributions	More complex (requires payroll & tax filings)

### Misconceptions About LLCs and S Corps

- LLC DOES NOT: Automatically protect you from lawsuits (must maintain separation from personal finances)
- LLC DOES: Provide liability protection IF properly structured
- S Corp DOES NOT: Mean you avoid all taxes
- S Corp DOES: Allow tax savings on distributions, but requires payroll setup

## Taxation of Entities:

Entity Type	How It's Taxed	Key Tax Advantages
<b>Sole Proprietor</b>	Self-employment tax (15.3%) on all profits	Simple, no corporate tax
<b>LLC (default)</b>	Pass-through taxation (profits taxed as personal income)	Flexibility to later elect S Corp
<b>LLC (S Corp Election)</b>	Owners take salary + remaining profits as distributions	Distributions not subject to self-employment tax
<b>S Corp</b>	Must run payroll, pay owner a "reasonable salary"	Reduces self-employment tax burden

## Financial Management Best Practices

- Separate business & personal finances → Open a dedicated bank account
- Use accounting software → QuickBooks, Wave, FreshBooks
- LLC with payroll? → Yes, if you have employees; No if you're a single-member LLC (unless taxed as S Corp)
- S Corp Owner? → Pay yourself a reasonable salary via payroll
- Taxes? → Work with a CPA by year-end to optimize taxes

## What You Need to Start an LLC in NY

- Articles of Organization (Form DOS-1336) – \$200 fee
- Operating Agreement (Required in NY, even for single-member LLCs)
- EIN (Employer Identification Number) from IRS (free)
- Publication Requirement – Publish LLC formation notice in two newspapers (county-dependent)
- Bank Account Setup – Requires EIN and Articles of Organization

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### Step-by-Step: How to Create an LLC in NY Without a Lawyer

1. Go to New York Business Express
  2. Search for "Form an LLC"
  3. Fill out Articles of Organization (DOS-1336)
    - Name availability check
    - Registered agent selection
  4. Pay the \$200 filing fee
  5. Receive your LLC approval from NY Department of State
  6. Draft an Operating Agreement (required within 90 days)
  7. Obtain an EIN from the IRS ([irs.gov](https://www.irs.gov))
  8. Complete the NY publication requirement
    - Two newspapers designated by the county
    - File a Certificate of Publication (\$50)
  9. Open a business bank account
  10. Set up accounting and compliance (annual filing fee: \$9 for single-member)
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