



LLC's Made Simple Cheat Sheet

Links:

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

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

Publishing Self Serve (Rome Sentinel): <https://romesentinel.column.us/place>

Certificate of Publication: <https://dos.ny.gov/certificate-publication-domestic-limited-liability-company-0>

Biannual Statement (due every two years after filing - \$9): <https://dos.ny.gov/biennial-statements-business-corporations-and-limited-liability-companies>

Choose Your Entity

Entity Type	Best For	Liability Protection	Taxation	Complexity
Sole Proprietor	Freelancers, small side businesses	None (personal assets at risk)	Self-employment tax on all profits	Easiest (no separate filings)
LLC (default)	Small businesses, those needing liability protection	Personal assets protected (if properly managed)	Default: Pass-through (Self-employment tax)	Moderate (Articles of Organization, Operating Agreement)
S Corp	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
Sole Proprietor	Self-employment tax (15.3%) on all profits	Simple, no corporate tax
LLC (default)	Pass-through taxation (profits taxed as personal income)	Flexibility to later elect S Corp
LLC (S Corp Election)	Owners take salary + remaining profits as distributions	Distributions not subject to self-employment tax
S Corp	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
7. Obtain an EIN from the IRS (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 (bi-annual filing fee: \$9 for single-member)

After publication, the newspapers will send you an affidavit confirming your notice has run. Once you receive that notice, you must file a Certificate of Publication with NY State: <https://dos.ny.gov/certificate-publication-domestic-limited-liability-company-0> (note there is a \$50 fee).



Single-Member LLC Operating Agreement Explainer:

1. Organization

- **Formation of LLC** – Confirms that the LLC was legally formed in New York by filing Articles of Organization with the state.
- **Governing Law** – States that the company will follow New York Limited Liability Company Law (NYLLCL).
- **Conflict Resolution** – If there is a conflict between New York law and this agreement, the terms of this agreement will control (where legally permitted).

2. Purpose and Powers

- **Purpose** – The LLC's stated reason for existing (which can be broad, such as "any lawful business").
- **Powers** – Grants the LLC the ability to conduct business activities as allowed by law.

3. Duration

- **Continued Existence** – The LLC remains in operation until it is dissolved, liquidated, or terminated according to the agreement or state law.

4. Registered Office and Resident Agent

- **Registered Office** – The official address where legal documents can be sent.
- **Resident Agent** – The individual or service designated to receive legal notices (this can be changed later if needed).

5. Capital Contributions and Distributions

- **Capital Contributions** – The sole member can contribute money to the LLC but is not required to make additional contributions.
- **Distributions** – The sole member can withdraw profits from the LLC as long as it complies with legal limitations.

6. Books, Records, and Accounting

- **Books and Records** – The LLC must keep proper records separate from the owner's personal records.
- **Fiscal Year** – The LLC's financial year ends on December 31.

7. Member's Capital Account

- **Tracks Contributions and Earnings** – Keeps a record of money invested, profits, and losses for tax and accounting purposes.

8. U.S. Federal & New York State Tax Treatment

- **Default Tax Status** – Since this is a single-member LLC, it will be taxed as a sole proprietorship by default.
- **No Separate Tax Return Required** – Profits and losses pass through to the owner's personal tax return (Form 1040 Schedule C).

9. Rights, Powers, and Obligations of the Member

- **Authority** – The sole member has full control over the company.
- **Liability Protection** – The member is not personally liable for the company's debts, except under certain legal circumstances (like fraud).
- **Ownership of Assets** – The LLC itself, not the individual, owns the business's assets.

10. Limitation of Liability & Indemnification

- **Liability Protection** – The member is not personally liable unless found guilty of fraud, gross negligence, or misconduct.
- **Indemnification** – If someone sues the LLC, the company will cover the member's legal fees unless they engaged in illegal activity.

11. Death, Disability, and Dissolution

- **Death of the Member** – The LLC automatically dissolves when the sole member dies.
- **Disability of the Member** – The member can appoint a replacement to manage the business if they become disabled.
- **Dissolution Events** – The LLC is dissolved if:

- The member decides to dissolve it.
- Another event (stated in the Articles of Organization) triggers dissolution.

12. Miscellaneous Provisions

- Article Headings – Just for reference and do not affect legal interpretation.
- Entire Agreement – This document overrides any prior agreements about the LLC.
- Severability – If one part of the agreement is invalid, the rest still remains in effect.
- Amendments – The member can change the agreement at any time in writing.
- Binding Effect – The agreement applies to the member's heirs, successors, and assigns.
- Governing Law – The agreement follows the laws of New York.

Key Takeaways

- **Protects Personal Assets** – Ensures legal separation between the owner's personal and business assets.
- **Defines Ownership & Control** – Confirms that the sole member has full control over the business.
- **Covers Taxes & Finances** – Specifies that the LLC is taxed as a sole proprietorship unless an election is made for S-Corp treatment.
- **Handles Liability & Indemnification** – Protects the owner from personal liability unless they commit fraud or gross negligence.
- **Explains Dissolution Process** – The LLC automatically dissolves upon the owner's death unless otherwise planned.