SMALL BUSINESS COMPLIANCE PLAN CHECKLIST

Your small businesses must comply with many local, state, and federal laws and regulations, not to mention your own governing documents. Failing to remain legally compliant can trigger a cascade of serious consequences for businesses of any size, including reputational harm, financial sanctions, personal liability and administrative dissolution. To help prevent such outcomes, plan ahead and address some of the more common compliance oversights.

To help guide you, we've pulled together this checklist of compliance triggers. Not all apply to every small business.
LIMITING PERSONAL LIABILITY

These are the questions you should consider to help limit your personal liability (the owner’s assets) for the business’ debts.

- Did you or do you plan to form an LLC or corporation to own your business? Although both entity types provide the benefit of liability protection, there are key differences between an LLC and a corporation (Inc.) when it comes to taxation, ownership and compliance requirements.

- If you’re deciding between an LLC and a corporation, did you or will you open a bank account for your company?

- Do you plan to keep the business’ money and property separate from your own?*

- Are you running the company in compliance with your governing statute and documents?* Check out our State Guides for LLC and Corporations for state-specific information.

*If you allow your business assets to become commingled with personal ones, this can lead to creditors and litigants making claims against the business to pierce the corporate veil and attack the personal assets the entity is specifically designed to protect.
CORPORATION LAW REQUIREMENTS

Is your company set up as a corporation? If so, these are the requirements.

Corporation laws differ depending on your state of incorporation, but most laws require corporations to do at least the following:

- Hold an organizational meeting after filing your articles of incorporation
- Adopt and maintain bylaws
- Hold an annual shareholders’ meeting
- Hold directors’ meetings (make sure there’s a quorum before voting on any actions)
- Take and maintain minutes of all shareholder, director and committee meetings
- Issue stock — corporations must outline the number of shares of stock they wish to authorize
- Record stock transfers
- Keep accurate books and records (including the articles of incorporation, bylaws, stockholder list, minutes of meetings, and recent tax filings)
- Appoint and maintain a registered agent
LLC LAW REQUIREMENTS

Is your company set up as a limited liability company (LLC)? If so, these are the requirements.

LLC laws do not contain as many compliance requirements as corporation laws. Instead, they let the members decide what compliance obligations they feel are important and those can be put in their operating agreement. Here are common requirements that are found in LLC laws:

- Draft an operating agreement
- Appoint and maintain a registered agent
- Maintain LLC records including articles of organization, the operating agreement, a list of members and their contributions and recent tax filings

LLC INTERNAL REQUIREMENTS

Here are some internal compliance requirements often suggested to be included in the operating agreement, even though they are not necessarily required by statute.

- Hold an annual member meeting
- Hold management meetings
- Take and maintain minutes of the meetings
- Issue membership interests
- Record membership interest transfers
- Review your operating agreement periodically and make any updates or changes you think are necessary
**STATE FILING REQUIREMENTS**

You should check your formation state’s laws but, in general, both LLCs and corporations are required to do the following:

- File an annual report (in some states a biennial report) and pay the filing fee
- Apply for a certificate of authority to do business in states other than the formation state where the corporation or LLC is transacting intrastate business
- File amendments to your articles of incorporation or articles of organization if certain major changes were made like changing the corporation or LLC’s name or purposes, or changing your LLC from member management to manager management
- File the necessary documents if your company is going to change registered agents, merge, convert, dissolve, or withdraw. The transactions will not be effective until you do

**STATE TAX REQUIREMENTS**

These requirements can vary by state and business structure. You should check with state and local governments to know your business’ tax obligations. Generally, it will include the following:

- Pay franchise taxes
- Pay state corporate income taxes (if your company is a separate taxable entity)
- Collect and remit sales taxes (if required)
- If your business has employees, you’ll be responsible for withholding and paying state employment taxes
FEDERAL LAW REQUIREMENTS

These are some of the steps your small business may have to take to comply with federal laws or regulations:

- Obtain your Federal Tax ID (EIN)
- File Form 2553 with the IRS if you want your company to be taxed as an S Corporation
- File Form 8832 “Entity Classification Election” with the IRS if you want to change the way your LLC is taxed for federal income tax purposes
- File federal corporate income taxes (if your company is a separate taxable entity)
- File an information report (If your company is a pass-through entity and does not pay income taxes)
- If your business has employees, you’ll be responsible for withholding and paying employment taxes
- Make sure you complied with securities laws if you are selling interests to the public
LICENSES, PERMITS, CERTIFICATES

Just about every small business will need at least one license, permit or certificate. The licenses your business will need depends upon your location and industry. Compliance begins with proper and extensive research into the licensing requirements applicable to your business operations in every location. Here are some examples of the licenses you might need:

- General business license (required for any type of business)
- State sales tax registration (required where you are selling goods or services and have to collect and remit the sales tax)
- Specific licenses or permits needed for your business’ line of work (may be required by state, local or federal agencies)
- Assumed name (d/b/a) certificate (required if you are conducting business under a name other than the name on your Articles of Incorporation or Articles of Organization)
- Be sure to keep track of expiration dates and make sure you renew all licenses, permits, and certificates on time. This is also essential!
In addition to what’s listed here, there are also labor laws, workers’ comp laws, environmental laws, data privacy laws, and lots more state, local, and federal laws that your small business may have to comply with.

There is a lot to care for but know there are plenty of resources out there ready to help, including **BizFilings**.
Visit BizFilings.com to explore our services and tools to help keep your business compliant.