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FORMING A NEW BUSINESS

An information book entitled “How to Start a New Business in Minnesota” may be obtained free of charge from the Minnesota Department of Employment and Economic Development by visiting their website at www.deed.state.mn.us. You may wish to visit this website for additional information regarding your new business.

1. Who are the participants in this new business and what is their relationship to one another?

2. What will your new business do?

3. What do you wish to name your business, give first and second choice please?

4. Do you have an accountant that you work with? If so, give name, address and phone number.

5. Has a certain type of entity been recommended for you?

- General Partnership: _____ (any two or more people doing business together are considered a general partnership even if not registered with the State. Income passes through to the partners individually. Partnership may register an “Assumed Name”.)
- Limited Liability Partnership: _____ (any two or more people doing business together registered with the State must file annual registrations with an annual fee in order to continue to have the “limited liability” status. Income passes through to the partners individually.)

- C Corporation: _____ (generally used for larger organizations. The business is taxed at the corporate level and the dividends, if any, are paid to the shareholders are then again taxed on their individual returns-any corporation over 25 members or having a shareholder who is not an individual-such as a shareholder that is another business entity- must retain C Corporation status. Corporation must register with the Secretary of State and file Annual Registrations with no fee to maintain active status.)

- Sub-S Corporation: _____ (generally used for smaller organization. This is a C Corporation that has elected to be taxed as a partnership under Subchapter S of the Internal Revenue Code. Can have 1-25 shareholders. Income or loss is passed through to the shareholders individually. Books and records are more formal. Better for a company that will be growing and transferring interests to other parties. Corporation must register with the Secretary of State and file Annual Registrations with no fee to maintain active status.)

- Limited Liability Company: _____ (generally used for smaller organizations and real estate ventures. Income or losses are passed through to the shareholders individually. Informal record keeping system. Can have one or more members. Annual registrations required with no fee at this time.)

6. Address of New Business:

7. Names, addresses, phone numbers, birth dates and social security numbers of all parties involved in the business:

8. How will each participant be involved:

Members, shareholders or partners (give names):

Governors or Directors (give names):

Managers or Officers (give names and titles):

9. What capital will each participant be contributing to the business (cash or property)/what percentage ownership will each participant have?

10. Where will the business Bank? Who will be allowed to sign checks? Who will be allowed to loan money from the Bank?

11. Will the business have employees? If so, give job description and number:

12. Will the business need a Buy-Sell Agreement (this is an agreement between the participants in the business as to what will happen should a participant die, retire, become disabled or wish to sell out his/her interest: if so, what will basic terms of buy-out be:

13. When do you wish to start operating this new business: _____

14. E-Mail addresses you will use:

Please list any other information you feel will be pertinent to the formation of your new business or any questions you may wish to discuss with your attorney:
