



SPIEGEL & UTRERA, P.A., P.C.

L A W Y E R S

www.amerilawyer.com

THANKS FOR INQUIRING!

***Just think - you can form a Limited Liability Company
right over the phone, or online. It's easy. It's quick.
And you'll save a substantial amount of money.***

Listen, we are glad you inquired about our services regarding the formation and registration of a Company in the State of New York. In our experience, the most tax **advantageous** type of company for Non Residents of the United States is the Limited Liability Company (in some Countries this is referred to as "Sociedad de Responsabilidad Limitada).

Similar to a Sub Chapter S Corporation for Citizens of the U.S., in a Limited Liability Company, the earnings flow directly to the owners, thereby eliminating Corporate Income Taxes. A regular corporation would be subject to Federal Corporate Income Tax in addition to the State Corporate Income Tax.

Let us explain:

The Limited Liability Company which chooses to be taxed as a Partnership, (hereinafter the "LLC") is **exempt from Federal Corporate Income Taxes**. Additionally, LLCs taxed as Partnerships are treated as such under New York Law and do not have to pay entity level Corporate Income Taxes. In recent years, the LLC has become a very popular form of business due to these tax advantages.

For Example:

Regular Corporate Status:

Taxable Income \$1,000,000.00
Less Corporate Tax \$340,000.00
Distribution to Owners **\$660,000.00**

Limited Liability Company Status:

Taxable Income \$1,000,000.00
Less Corporate Tax \$0.00
Distribution to Owners **\$1,000,000.00**

Limited Liability Companies taxed as Partnerships are exempt from New York State Franchise Taxes.

We will form your Limited Liability Company under the personal direction of a qualified attorney who makes certain that all requirements are met.

For one low fee of \$234.95 you get...

- **Articles of Organization**
- **Company Minutes**
- **Company By-Laws**
- **Corporate Kit**
- **Membership Certificate**
- **Company Seal**
- **And a preliminary name search.**

Included in this fee are the attorney's fee and the State of New York filing fee.

The main advantage of the LLC is that it is not burdened with the numerous restrictions imposed on an S corporation. An LLC may have more than 75 members; and as few as one. Its Membership interests may be held by corporations, partnerships, Non Resident Aliens, trusts, pension plans and charitable organizations; the LLC may make special allocations, thereby avoiding the single class of stock requirement applicable to S corporation; and it may own more than 80% of the stock of a corporation and, therefore, may be a member of an affiliated group.

When forming an LLC, we strongly recommend the owners obtain the maximum protection permitted by current Laws. The best way to protect yourself is to enter into an Indemnification Agreement and Operating Agreement at the time of the filing of the LLC.

Questions? Please call us!

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Once the Indemnification Provisions are in effect, the LLC is responsible should there be any legal action taken against its representative for actions taken on behalf of the LLC. In other words, the Company would have to pay any legal fees or liabilities assessed against its Management Staff. The Indemnification and Covenant Not To Sue Provision and Agreement is only \$75.00 when ordered at the time of Organization.

In the State of New York, an **Operating Agreement is required and must be adopted within 90 days** after the filing of the Articles of Organization. The Operating Agreement sets forth, the business of the Limited Liability Company, its general operation and conduct of its affairs including its rights, powers, preferences, limitations or responsibilities of its members, managers, employees or agents. We can draft the Agreement in conjunction with your Company documents in compliance with New York Law for only \$99.95 for a single member LLC or \$149.95 for a multi member. The Operating Agreement can be prepared as part of our service, so you may review the Agreement and make changes and discuss it with one of our Attorneys.

For your convenience, we have attached a detailed explanation of the Limited Liability Company Structure, and brief descriptions of some of the most important items.

Should you have any questions regarding this matter, please do not hesitate to contact our office by phone at 212 962 1000, fax 212 964 5600 or via e-mail at nyc@amerilawyer.com.

Good luck with your business!

Spiegel & Utrera Staff

Limited Liability Company Detailed Explanation:

The LLC is a hybrid entity that is taxed as a partnership while providing limited liability protection for all of its members. For federal tax purposes, an LLC, like a partnership, is a pass-through entity; thus, its income and losses are taxed only at the member level. However, all members of an LLC, like the shareholders of an S corporation, have limited liability for the LLC's debts and claims against the LLC. No member will be burdened with the personal liability of a general partner.

An LLC taxed as a partnership may also have advantages over an S corporation with respect to the amount of deductible losses. The amount of an S corporation shareholder's deductible losses is limited to the sum of the shareholder's basis in his stock and any loans from the shareholder to the corporation. In contrast, a partner can deduct losses in an amount up to the sum of his basis in the partnership interest, his allocable share of partnership income, and his allocable share of qualifying partnership debt.

How the taxes work is simple. For example, each of 10 individuals contributes \$100,000 to a newly formed entity to acquire an office building. The entity borrows from a bank an additional \$5,000,000 as the balance of the building's \$6,000,000 purchase price. If the entity is taxed as an S corporation, each shareholder's loss deductions are limited to \$100,000. However, if the entity is an LLC taxed as a partnership, each member can deduct losses up to \$600,000 (\$100,000 basis plus \$500,000 share of entity's debt). These losses may then be used by the individuals to offset other income they may have from other sources.

State of New York Limited Liability Company Publication Requirement (Mandatory under New York Law):

Section 206 of the Limited Liability Company Law of the State of New York states:

Upon the effectiveness of the initial Articles of Organization of an LLC, a copy of same or a notice containing the substance thereof shall be published once each week for six successive weeks, in two newspapers of the county in which the office of the LLC is located, one must be a daily newspaper and the other a weekly newspaper designated by the County Clerk. Proof of such publication by the Affidavit of the publisher or printer of each newspaper must be filed with New York State within 120 days after the effective date of the Articles of Organization of the LLC.

Remember, if an LLC fails to file proof of publication with the State of New York within 120 days after the formation of the LLC, the authority of the non-complying LLC to carry on, conduct or transact business in the State of New York shall be suspended, effective as of the expiration of the 120 days.

Publication Saver Consider purchasing from Spiegel & Utrera, P.A., P.C. a pre-formed New York Limited Liability Company that includes the New York Limited Liability Company statewide publication requirements. **Follow this address... <http://www.amerilawyer.com/reddicorppage.htm> to view a list of New York LLC's that include the New York LLC statewide publication.**

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Meeting the Limited Liability Company Publication Requirement (Mandatory under New York Law):

Complying with the State's Publication requirements can be very confusing. Spiegel & Utrera can prepare all the documents you need in order to satisfy the State's requirements. For only \$89.95, if ordered at the time of the formation of your LLC, Spiegel & Utrera will provide you with the letter you need to send to the government official relating to the publishing requirement selections, the legal verbiage for your notice and the published legal notice tear sheet request you will need for each newspaper and the letter you will need to send to the State of New York along with step by step instructions to ensure your notice publication process goes smoothly. If ordered with the formation of your LLC, the telephone support at Spiegel & Utrera's General Counsel Club is included with this service and available to you to answer any questions as you proceed to complete the New York LLC Publication requirements.

Remember, if an LLC fails to file proof of publication with the State of New York within 120 days after the formation of the LLC, the authority of the non-complying LLC to carry on, conduct or transact business in the State of New York shall be suspended, effective as of the expiration of the 120 days.

SPIEGEL & UTRERA, P.A., P.C. is your **one** source for business legal services.

USE OUR EXPERTISE TO YOUR ADVANTAGE!

*Spiegel & Utrera, P.A., P.C. is a full service law firm that can help you solve most of the problems associated with incorporating, **before** they happen. Here are solutions to most of your incorporating needs...*

MORE SERVICES & FEES

General Counsel Club & Registered Agent Service

Our firm has what we call the "General Counsel Club". Select this valuable service at the time of ordering your LLC and receive an additional one month Bonus so that your first year of service will cover 13 months. PLUS take a \$50. discount, so you pay only \$89.95 for the first 13 months of service. You get unlimited telephone consultations all year long on all your legal matters, both business and personal; plus our firm will prepare the Notice and Minutes of your LLC's Annual Meeting of Members and Managers; our firm will comply with all statutes and applicable laws relating to your LLC's Registered Agent & Registered Office; our firm will review all mandatory State LLC filing documents as required by the Secretary of State; our firm will act as your LLC's General Counsel and you will receive our firm's newsletter, "Entrepreneur's Alert®", which is published six times a year and provides valuable insight into running your business from a legal and business point of view..

Detours and Contradictions

Want more out of your LLC? Then don't miss Lawrence Spiegel's, 223 page Detours and Contradictions. Use this book, and all your available resources, to begin the challenging yet fulfilling journey of entrepreneurship. As we'll see... having a marketable idea is only the first step in a lengthy process. Along the way you'll encounter numerous detours and contradictions, risks and rewards. The regular price of Detours and Contradictions is just \$13.50. PLUS there is no extra charge for shipping, handling and processing as your book will be shipped with your LLC. **Also, as an added bonus, your copy of Detours and Contradictions will be personally autographed by Lawrence J. Spiegel.**

Service Agreement

If your LLC is a service business, you'll need a Service Agreement.

The bedrock foundation of many service businesses is a customized written agreement entered into with its customers. Many franchises sold for tens of thousands of dollars are business formats revolving around a Service Agreement. The key with a Service Agreement is to make it work as a marketing tool offering the business services in the widest variety of formats to your customers. For example, a one-time use customer needs to be converted to a monthly, quarterly or annual type repeat customer. At Spiegel & Utrera we want to help you get, and keep, your customers while looking professional and at the same time maximizing each sale with a friendly service agreement. A Service Agreement is only \$367.95 if ordered at the time of forming your LLC. We will prepare a draft of your Service Agreement and deliver the draft by fax or email to you for your review. Once you have had an opportunity to review the Service Agreement we will meet over the telephone to discuss the various aspects of the draft Service Agreement. Thereafter, Spiegel & Utrera will make changes to the Service Agreement to finalize it. Once the Service agreement has been finalized and delivered to you, you should take it to your printer to be printed and padded so it will always look professional and non-negotiable.

Supplemental Approval of Certain New York Limited Liability Companies

If the name and/or purpose of your New York Limited Liability Company contains reference to any of the following items, a separate supplemental approval process must be completed at the New York State level. Company names and purposes referencing or suggesting education, training, lessons, banking, finance, insurance, unions, chamber of commerce, daycare for children, home health care services, military or naval affairs, non-public schools, health, mental health, disabilities, alcohol or substance abuse, mental retardation, developmental disabilities, political parties or any type other of company requiring approval by the State of New York. The fee for the approval process associated with the foregoing names, if ordered at the

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time of formation of your Limited Liability Company, is \$150. Please be aware that all processing time frames of Spiegel & Utrera, P.A., P.C.'s work begins after the State of New York Supplemental Approval Process is completed.

Special Certificate of Organization Clauses for Certain New York Limited Liability Companies

If the purpose of your Limited Liability Company relates to a cooperative or local development company and, provided it is ordered at the time of formation of your Limited Liability Company, there is an additional fee of \$150 for the special Certificate of Organization. Please be aware that all processing time frames of Spiegel & Utrera, P.A., P.C.'s work begins after the special Certificate of Organization clause is accepted by the State of New York.

Business Checking, Investment Account and Delayed Debit Gold MasterCard

Let Spiegel & Utrera, P.A. help you set up your new business checking account. In addition to a business checking account, the account also comes with an investment account and a delayed debit Gold MasterCard. Depending upon the day in the billing cycle when a charge is made, your account will continue to earn interest for up to 30 days from the date of purchase or until the balance of the debit card for that period is charged to your account. In addition, with this account you have the ability to make deposits and withdraw funds from over 800 bank locations and other financial institutions in the United States. Multiple delayed debit Gold MasterCard's are available for use by your employees. Internet bill payments are free. No minimum balance is required to maintain your business checking account, however, there may be a minimum opening balance depending upon the features that you select. If you order your business checking, investment account and/or delayed debit Gold MasterCard from Spiegel & Utrera, P.A. at the time of forming your Limited Liability Company, the fee is \$249.95 to prepare all the necessary documentation and follow up until such time as your business checking, investment account and/or delayed debit Gold MasterCard has been established. If ordered after forming your Limited Liability Company, the fee is \$449.95.

TAX RELATED

Federal Tax ID Number

The equivalent of a social security number for an LLC. You will need it to operate your business and open a bank account for the LLC. We can obtain this number for you and the advantage of allowing us to get it for your LLC, is that we will deliver it with your LLC for only \$35, so you may open your bank account immediately. If you are a Foreign National without a United States Taxpayer Identification Number or a United States Social Security Number, the charge for the Federal Tax ID Number is \$125.

Individual Taxpayer Identification Number (ITIN)

An Individual Taxpayer Identification Number is a tax processing number only available for certain nonresident and resident aliens, their spouses and dependants who cannot get a Social Security Number. It is a 9-digit number, beginning with the number "9", formatted like a Social Security Number (NNN-NN-NNNN). Spiegel & Utrera, P.A. will prepare all the documentation necessary for you in order to obtain your Individual Taxpayer Identification Number. The charge for this service is \$125.

IRS Section 1244 Corporate Stock / 1244 LLC Membership Interests

This is another powerful tax provision which can be used by almost all corporations and LLC's taxed as a corporation. This special provision of the Internal Revenue Code allows you to deduct as an ordinary loss, rather than as a capital loss, a loss on the sale, trade or worthlessness of the stock in your corporation or LLC taxed as a corporation. The amount you can deduct as ordinary loss is up to \$50,000 per year or \$100,000 per year, if filing a joint return with your spouse. Generally, without 1244 stock, your loss would be limited to \$3,000 per year or \$6,000 per year, if filing a joint return with your spouse. A corporation or LLC taxed as a corporation that issues 1244 stock and elects to be an S corporation gives its shareholders the best of both possible worlds from a tax stand point. The issuance of 1244 stock costs only an additional \$50 when ordered with the formation of your corporation or LLC and comes with all the necessary documents, including corporate resolutions, 1244 plan and special stock certificates

New York New Hire Reporting

Federal law requires all New York employers to report basic information about employees, who are newly hired, rehired, or who return to work after a separation from employment. You must submit a report for each newly hired employee. The penalty for failure to timely report newly hired employees or for failure to file a report showing the required information is \$20, per each newly hired employee. If the failure to report is a result of a conspiracy between the employer and employee, the penalty will be \$450, multiplied by the number of employees not reported or the number of false or incomplete reports filed. We can provide you with a package of 6 New Hire Registration Forms for \$35. The forms are customized with your LLC's information, and you may re-use them for each person you employ.

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New York Unemployment Tax Account Number

This number is used to withhold New York Unemployment Taxes from your Company's payroll. If you have any employees on the payroll, including yourself, you will need this account number. We can initiate the documents for this account number for you and deliver it with the LLC. The cost at the time of forming your LLC is only \$35.

New York Sales Tax Number and Certificate of Authority

If you sell goods or taxable services, this is your sales tax account number with the State of New York as well as the Certificate of Authority to charge Sales Tax in New York State. This account number also allows you to buy goods for resale or export and not pay any State sales tax. Once you obtain a Sales Tax Account Number, you are registered as a Sales Tax Vendor in New York State. The fee to initiate the documents for you to obtain this number is \$35 when ordered at the time of forming your LLC.

New York Purchaser's Blanket Resale & Exemption Certificates

State and local tax laws require that vendors maintain properly executed Exemption Certificates given to them in good faith by all of their customers who claim New York Sales Tax Exemption. We can prepare a set of Exemption Certificates for you to give to vendors from whom you intend to buy goods for either resale or export for which you are exempt from paying State or local sales taxes. The fee for a set of 6 Re-Usable Certificates is only \$35 when ordered in conjunction with the formation of your LLC.

Dual Class LLC

The Spiegel & Utrera, P.A. Lawyers Dual Class LLC is designed after IRS proposed regulations which allow an LLC to be deemed a partnership for Federal Income Tax purposes to have members/owners qualified as limited partners for Self Employment ("SE") tax purposes. The use by Spiegel & Utrera, P.A. of a Dual Class LLC ownership to distinguish between a manager and a non-manager class of ownership is used to allow the non-manager membership class to be treated as a limited partner class. More importantly, the Spiegel & Utrera, P.A. Dual Class LLC is structured to admit both active management providing members in addition to more passive, capital contributing members. For those LLC members who could qualify as both, they would own a portion of each class of the Spiegel & Utrera, P.A. Dual Class LLC.

The Spiegel & Utrera, P.A. Dual Class LLC is divided as follows:

Class A General Member Units: The smaller manager class receives a priority preferred return of income (for example, a management or sales fee arrangement) that is contingent on the profitability of the LLC. It may not be a fixed compensation amount or it will constitute a guaranteed amount which is prohibited.

Class B Limited Member Units: This portion of the LLC membership interests is the cash contributing members' interest and is structured as a non-manager class qualifying for limited partner status. This class receives a cumulative preferred-priority return of profits based on their unreturned capital contributions, whereas the smaller active manager class would not.

The cost of adding the additional features required of the Spiegel & Utrera Dual Class LLC is just \$300 if ordered at the time of forming your LLC and, as an added bonus, it includes the required Dual LLC Operating Agreement.

Management Agreement

Every Dual Class LLC must enter into a written Management Agreement between the LLC and its Manager(s), the Manager(s) are generally Class A member(s) of the Dual Class LLC. The Management Agreement should be drafted in such a way so that it conforms with the provisions of the Dual Class LLC Operating Agreement and, in addition thereto, it will:

- Spell out the terms of employment, such as the duties, responsibilities and compensation of the LLC Manager(s).
- It states that the Manager(s) will not compete against the LLC for a specific period of time after leaving the LLC;
- Prohibit the Manager(s) from disclosing any of the LLC's business records, computer data, trade secrets, methods of operation, et cetera;
- Prevent the Manager(s) from soliciting customers or clients of the LLC;
- Prevent the Manager(s), after leaving the LLC's, from soliciting the LLC's employees to work elsewhere.

The cost of the Management Agreement is just \$150, if ordered at the time of forming your Dual Class LLC.

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Special Purpose Limited Liability Company for Self-Directed IRA Account

The strategy for using a Spiegel & Utrera, P.A. Special Purpose LLC for Self-Directed IRA Account involves forming an LLC with the self-directed IRA as an owner (or "member") of the LLC. Funds are transferred to the LLC which, in turn, purchases and holds title to real estate. The creation of a self-directed IRA or IRA LLC enables you to choose what you would like to invest your money in. When you are the manager of an LLC, you have "checkbook control." That means that every time you are going to invest in a new property you don't have to have the custodian approve the transaction.

However, a special purpose LLC formed for a self-directed IRA owner has to comply with the Internal Revenue Code, Employee Retirement Security Act of 1974 (ERISA) and corresponding regulations. Such self-directed IRA owner is solely responsible for avoiding prohibited transactions and should seek the counsel of licensed attorneys and accounting professionals.

For example, if you, your wife and children have an existing LLC in which you are the only owners (e.g., 100% ownership by disqualified persons) then your IRA cannot invest in that LLC. You could, however, create a new LLC and have both your IRA and the existing LLC invest into it as founding members at the same time.

REGULAR SERVICE

The regular processing time for an LLC is approximately 4-5 weeks. The LLC Package includes all the documents and the LLC Seal.

TWO WEEK GUARANTEE

Your Corporation's documents will be ready exactly two weeks from the day you place your order for an additional \$75.

FAST CORP

If you need to incorporate fast, we offer a 4 Business Day Incorporation Service for an additional \$100. We will expedite the registration of the Company and preparation of the Corporate Records and the Corporate Package will be ready on the **4th business day**.

QUICK CORP

If you need your Company formed urgently, for an additional \$175 (due to higher State Filing Fees), we can expedite the registration of the Company and preparation of the Corporate Records and the Corporate Package will be ready on the **2nd business day**.

SHIPPING INFORMATION

Company Packages generally weigh approximately 4 pounds and are available for Pick up at our office or may be shipped to you via Ground (2-3 day) Service for a charge of \$17.95 or via Overnight Delivery for a charge of \$30.95.

An Important Note about our RUSH SERVICES

We offer two levels of rush service. When you opt for one of our rush services, we guarantee to promptly deliver your LLC to the State for processing, however, if the State is backlogged, you may experience a delay in receiving your documents. We strive to have all rush orders ready as soon as humanly possible, however if time is of the essence you may opt for one of our **Reddi LLCs** which are ready for immediate delivery.

PROTECT YOURSELF!

Indemnification Agreement and Covenant Not to Sue

We strongly recommend that you include special provisions in your Articles of Organization and additional agreements which trigger this important protection requiring the Company to indemnify and hold harmless its Directors and Officers from any actions they take on behalf of the Company. If a Director or Officer is ever sued for actions taken on behalf of the Company, these provisions require that the Company be held responsible, as agreed upon by the Directors and Officers and the Company. These important provisions and agreements cost only an additional \$75 when ordered with your Company.

Lender's Agreement & Promissory Note

Initially a Limited Liability Company needs a cash infusion. Additionally, the LLC may require a continuing advance of funds for some time. Its important to minimize the amount of money an owner is required to pay for the membership in the LLC because the owners could be held personally liable by the LLC and/or the creditors of the LLC for not contributing all the funds the owners had initially agreed to contribute to the LLC. How does the LLC get the money? After the initial purchase of its membership interests, the LLC, generally, has two choices for obtaining additional money: (1) members can contribute additional funds for their membership interest (not the preferred method as previously stated) or (2) loan money to the LLC. Lending money to the LLC is the preferred method to advance money to the LLC because the lender is seen as a creditor of the LLC. The lending of money to the LLC is accomplished with a Lender's Agreement and a Promissory Note. Both of these instruments together provide for an initial amount of a loan to the LLC and also provide for future advances of money the

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lender might make to the LLC. In the event of failure of the business, the loan will be fully tax deductible by the lender as a bad debt. Additionally, the lender may take this concept one step further and secure the loan to the LLC by using a Security Agreement. The Security Agreement is much like a mortgage generally securing all the assets of the LLC and the Security Agreement can be recorded to perfect the lien the lender may have against any other subsequent creditors of the LLC. The fee for the Lender's Agreement and Promissory Note if ordered at the time of formation of the LLC is only \$75. The Security Agreement, if ordered at the time of formation of the LLC, is an additional \$75.

Operating agreement

If your LLC has more than one owner, we **strongly recommend** you enter into a Operating agreement. This agreement is entered into by the owners to define their duties and responsibilities to each other and to the Company. It is like a partnership agreement between the Owners. A draft of this agreement will be prepared as part of our service, so you may review the Agreement and make changes and discuss it with one of our Attorneys. Normally, the fee to prepare such a comprehensive agreement of this nature would be \$1,500. or more. However, your cost of the Operating Agreement is only \$99.95 for a single member LLC or \$149.95 for a multi member LLC if prepared in conjunction with the formation of your LLC.

Just look at it's many provisions:

- Provides a frame work for the settlement of disputes between owners.
- Prevents a owner from transferring his Membership Interest to a third party without first offering it to existing owners.
- Provides a framework for the purchase and transfer of ownership interest in the Company by the remaining Members in the event a Member dies, or becomes disabled.
- Prevents an owner from competing against the Company both now and as an ex-owner for a stated period of time.
- Requires owners to maintain the confidentiality of all customer names and other Company records.
- Prevents a owner from impairing the goodwill of the Company.
- Prevents a owner from soliciting customers of the Company except for the Company's business.

Obviously, this is a very thorough Contract. It is drafted by our attorneys and used by business owners such as yourself. This agreement is very versatile and an absolute necessity for a company with multiple owners. Remember the old adage, "An ounce of prevention is worth a pound of cure."

SINGLE MEMBER LLC OPTIONS

Since the LLC has more flexibility in the manner it can be taxed, it is strongly recommended that the LLC have at least two or more owners/members at all times. The LLC may be taxed as a sole proprietor, a partnership, a disregarded entity, a regular corporation, or a Sub-S Corporation. However, when you have a single member limited liability company, if you do not elect to be specifically taxed as a corporation, the IRS taxes you automatically as a sole proprietor. This option is not in your best interest, as you will have to file a Schedule C with your personal IRS Form 1040 tax return which will have a much higher chance of being audited and you will not have the opportunity to take as many tax deductions as an LLC taxed as a corporation.

If you are a single member LLC, and the single member is an individual who is a citizen or permanent resident of the United States of America, or a Sub-S Corporation, our office can prepare the necessary documentation for your LLC to elect to be taxed as a Corporation. We will also prepare the necessary documentation for the LLC to be taxed as an S Corporation, in order to receive the maximum tax benefits available to you. The fee for our office to prepare all your documentation is \$125 if ordered at the time of forming your LLC.

If you are a single member LLC and the single member is an individual who is not a citizen or permanent resident of the United States of America, nor a Sub-S Corporation, our office can prepare the necessary documentation for your LLC to elect to be taxed as a Corporation. The fee for our office to prepare all your documentation is \$50 if ordered at the time of forming your LLC. If you instead wish to be taxed as a partnership, then we would recommend that you consider adding another member, it could be a parent, a sibling, a child, or perhaps form another corporation to be the other member. The other member could have a very small percentage of ownership interest in the LLC and you could limit their ability to vote, it is therefore also important to prepare and enter into your New York State Mandatory Operating Agreement between the member/owners, and LLC to clearly spell out all the terms and conditions.

TAX SAVING LEASE AGREEMENTS

Home Office Lease

Agreement detailing the leasing of office space by a homeowner or tenant with a Company for use as the Company's principal place of business. The typical tax savings under this agreement can exceed \$1,200. – per year. The Home Office Lease is only \$150. when ordered with your Company, and as an added bonus to our clients, we draft the Lease in such a manner that it is automatically renewable.

Motor Vehicle Lease

If you use your vehicle for business purposes, it is usually much more advantageous to keep the vehicle in your name and

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lease the vehicle to the Company The typical tax savings under this type of arrangement ranges between \$1,500. and \$3,000. per tax year. We can prepare the lease for only \$150. when ordered with your Company.

Office Equipment Lease

A lease which details the leasing of office equipment by a business. Once again, by leasing equipment to the Company, you create a legitimate business expense for the Company and a Tax Deduction. Typically, the tax savings under this type of arrangement can exceed \$1,000 per tax year. The cost for an Office Equipment Lease is only \$150, when ordered with your Company.

EMPLOYEES / INDEPENDENT CONTRACTORS

Employment Agreement

If you are using employees in your business, it is important to have a written Employment Agreement to document the conditions of Employment. An Employment Agreement can be very advantageous for a business and should be required for all employees, whether new or existing. It creates a clear understanding of the arrangement between the employee and the Company and provides protection for the business. The Employment Agreement also contains other important provisions:

- It spells out the terms of employment, such as the duties, responsibilities and compensation of the employee.
- It states that the employee will not compete against the Company for a specific period of time after leaving its employment.
- It prohibits the employee from disclosing any of the Company's business records, computer data, trade secrets, methods of operation, et cetera.
- It prevents the employee from soliciting customers or clients of the Company.
- It prevents an employee, after leaving the Company's employment, from soliciting the Company's employees to work elsewhere.

The Employment Agreement is prepared in such a way that you can use it over and over again to avoid additional costs in the future. By having this Employment Agreement, the Company is given substantial clout in preventing an employee from joining a competitor, or competing against the Company and disclosing business secrets to anyone. The Agreement may be re-used by the Company as it hires additional employees, the cost of the Employment Agreement is just \$150.

Independent Contractor Agreement

There are many reasons for using Independent Contractors; however, simply verbally stating that a worker is an Independent Contractor is not enough according to the IRS. Certain criteria must be met. The IRS considers 11 factors in three specified areas: Behavioral Control, Financial Control and Type of Relationship. So, before you engage the services of an Independent Contractor, it is essential that you document that relationship with a written Independent Contractor's Agreement, otherwise the IRS could hold your Company and you personally liable for the Independent Contractor's Income Tax, Social Security, Medicare Tax and Federal Unemployment Tax, which should have been withheld. As a signatory on the check used to pay the Independent Contractor, you could be held **personally liable** for these taxes. The Independent Contractor's Agreement also contains other important provisions:

- It spells out the duties, responsibilities and compensation of the Contractor.
- It states that the Contractor will not compete against the Company for a specific period of time after the project is completed.
- It prohibits the Contractor from disclosing any of the Company's business records, computer data, trade secrets, methods of operation, et cetera.
- It prevents the Contractor from soliciting customers or clients of the Company.
- It prevents the Contractor, after leaving the Company, from stealing the Company's employees.

For a detailed explanation of the Benefits of using Independent Contractors' Agreements, including a breakdown of the 11 factors the IRS analyzes and Industry examples provided by the IRS, please refer to document 239 of this Free Faxback Service. We can provide an Independent Contractor's Agreement that covers all the legal requirements and many business advantages for your Company for only \$150.

LEASE/AGREEMENT CONSULTATIONS

Avoid costly mistakes; **always**, *always*, always have any type of Contract/Lease or otherwise legally binding agreement reviewed by an Attorney BEFORE you sign it. We offer Consultations at our Manhattan office and over the phone for \$100. per half hour or a fraction thereof.

For your convenience, you can fax us the documents that need to be reviewed and the attorney can advise you over the phone. Some of the topics you may wish to discuss include:

Questions? Please call us!

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- Free Rent
- Best Length of Lease
- Options to Extend the Lease & Purchase the Premises
- Leasing contiguous space for expansion
- Assignment and Subletting
- Caps on Rent increases and expenses demanded by Landlords
- Repair Responsibilities
- Exclusivity of Tenant's Business
- Early Termination Rights
- Personal Guarantees, should you or should you not
- Renewal Terms
- Zoning Issues
- Landlord buildout costs
- Change of Control of Tenant
- Signage Protection

OTHER SERVICES: Please call for pricing and ordering.

Voting Trust: Allows a group of shareholders in a corporation to vote as a unit.

Stock Options: Provides the opportunity to purchase stock from a corporation at a pre-determined price and is frequently used to control block of Stocks.

Trademark: Protection of a name, symbol, or slogan used by a business.

Copyright: Protection of literary, dramatic, musical, or artistic works.

Franchise Agreement Review: Review of agreements associated with the purchase of a franchise.

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