BUSINESS ENTITIES:

SELECTION & FORMATION

PRESENTED BY THE ALABAMA SBDC NETWORK &
THE AUBURN UNIVERSITY SBDC

J. MATTHEW WILSON
THE ALABAMA SBDC NETWORK

Small Businesses

Products & Services

Industry & Marketplace

Competition

Professionals

Finances

Location

Legal Issues

Regulation

Marketing
Alabama SBDC Network

The SBA & SBDC Programs

Inter-Institutional Statewide Program

One-on-One Business Counseling & Consulting

Comprehensive Information Services
THE ALABAMA SBDC NETWORK

HOST INSTITUTION
THE UNIVERSITY OF ALABAMA

NETWORK MEMBERS
ALABAMA STATE UNIVERSITY
AUBURN UNIVERSITY
JACKSONVILLE STATE UNIVERSITY
TROY UNIVERSITY
UNIVERSITY OF ALABAMA HUNTSVILLE
UNIVERSITY OF NORTH ALABAMA
UNIVERSITY OF SOUTH ALABAMA
UNIVERSITY OF WEST ALABAMA
GREATER BIRMINGHAM AREA
**ADDITIONAL ASBDC PROGRAMS & RESOURCES**

- **ASBDC CAPITAL ACCESS PROGRAM**
- **ALABAMA INTERNATIONAL TRADE CENTER**
- **GOVERNMENT CONTRACTING: PROCUREMENT TECHNICAL ASSISTANCE CENTER PROGRAM**
BUSINESS ENTITIES:

AN OVERVIEW
LEGAL STRUCTURES

SOLE PROPRIETORSHIPS

Unlimited Liability

PARTNERSHIPS

CORPORATIONS

Limited Liability

LIMITED LIABILITY COMPANIES (LLCs)
SOLE PROPRIETORSHIPS

UNLIMITED LIABILITY

TAX & FINANCIAL CONSIDERATIONS

OPERATION

LEGAL ISSUES
Partnerships

Unlimited Liability

Operation

Tax & Financial Considerations

Legal Issues
LIMITED LIABILITY COMPANIES

LIMITED LIABILITY

TAX & FINANCIAL CONSIDERATIONS

OPERATION

LEGAL ISSUES

LLCs
CORPORATIONS

LIMITED LIABILITY

OPERATION

TAX & FINANCIAL CONSIDERATIONS

LEGAL ISSUES
LIMITED LIABILITY COMPANIES:

FORMATION & OPERATION
FORMATION

NAME RESERVATION

CERTIFICATE OF FORMATION & REGISTERED AGENTS

JUDGE OF PROBATE

EIN/TAX-ID & LICENSING

LLCs
OPERATION

- BUSINESS PRIVILEGE TAX
- MEMBERS
- OPERATING AGREEMENTS
- PASS-THROUGH ENTITY

LLCs
ADVANTAGES

LIMITED LIABILITY FOR MEMBERS

LLCs

FLEXIBILITY & SHARING OF PROFITS

LESS FORMALITY & RECORDKEEPING
Disadvantages

- Certain Limitations
- Self-Employment Taxes
- The “Alter-Ego” Doctrine
FORMATION

NAME RESERVATION

CERTIFICATE OF FORMATION & REGISTERED AGENTS

S-CORP

JUDGE OF PROBATE

EIN/TAX-ID & LICENSING
ADVANTAGES

S-Corp

LIMITED LIABILITY FOR MEMBERS

SEPARATE LEGAL ENTITY & READILY TRANSFERABLE

TAX BENEFITS
QUESTIONS?

ADDITIONAL ASSISTANCE:

THE ALABAMA SBDC NETWORK

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