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## LLC Formation Checklist: Your Complete Guide to Starting an LLC

Forming a Limited Liability Company (LLC) is a popular choice for entrepreneurs in both Connecticut and Massachusetts, offering protection of personal assets, tax flexibility, and ease of management. Wondering how to create an LLC in Connecticut or Massachusetts? This LLC creation checklist will give you a sense of the steps needed to form an LLC in either state, ensuring your business is set up for success.

### 1. Choose a Name for Your LLC

- **Unique Business Name:** Your LLC's name must be unique and distinguishable from other businesses in the state. Check name availability through the respective Secretary of State's business name databases as well as a Google search of your potential name.
  - **Connecticut:** Use the Connecticut state business database to search for available business names.
  - **Massachusetts:** Use the Massachusetts commonwealth business database to search for available business names.
- **Include "LLC" in the Name:** In both states, your business name must include "Limited Liability Company" or abbreviations like "LLC" or "L.L.C." in both states.
- **Reserve Your LLC Name:** If you're not ready to file immediately, you can reserve your chosen name:
  - **Connecticut:** Reserve your name for 120 days by filing an Application for Reservation of Name with the Connecticut Secretary of State.
  - **Massachusetts:** Reserve your name for 60 days with the Massachusetts Secretary of the Commonwealth.

### 2. Choose a Registered Agent

- **Role of the Registered Agent:** Your registered agent will receive legal documents and official notices on behalf of your LLC. If you want to make things easy, your registered agent can be you, but it doesn't have to be.
- **Who Can Be a Registered Agent?:** In both states, your registered agent must have a physical address in the state (P.O. boxes are not acceptable) and can be an individual or a business entity authorized to do business in the state.
  - **Connecticut:** The agent must be located in Connecticut.
  - **Massachusetts:** The agent must be located in Massachusetts.

### 3. File the Certificate of Organization (Connecticut and Massachusetts)

- **Required Information:** You'll need to provide your LLC's name, principal office address, registered agent details, and the LLC's duration (if not perpetual) in both states, along with other information.
- **Filing Options:**
  - **Connecticut:** File the Certificate of Organization online or by mail through the Connecticut Secretary of the State. The filing fee is \$120.
  - **Massachusetts:** File the Certificate of Organization online or by mail through the Massachusetts Secretary of the Commonwealth. The filing fee is \$500 online or \$520 by mail.
- **Effective Date of LLC Creation:** You can choose for your LLC to become effective upon filing or at a later date in both states.

### 4. Draft an Operating Agreement

- **Importance of an Operating Agreement:** While not required by law in either Connecticut or Massachusetts, having an Operating Agreement is crucial for defining the management structure, member roles, ownership shares, and operating procedures of your LLC.
- **Single or Multi-Member LLCs:** This document is beneficial whether you're forming a single-member or multi-member LLC, helping to prevent disputes and ensuring smooth operation.
- **Buy-Sell Agreement or Provisions:** For LLCs with multiple owners, it's essential to consider drafting a Buy-Sell Agreement or including these provisions in your Operating Agreement. This legal document outlines how ownership interests can be transferred in the event of an owner's death, disability, or decision to exit the business. A Buy-Sell Agreement provides clarity on valuation methods for ownership stakes and sets conditions for buying out an owner. Without this agreement, LLCs can face damaging internal disputes, causing financial or operational disruptions. By having a Buy-Sell Agreement in place, owners can protect the business's continuity and prevent external parties from becoming unintentional co-owners of the LLC.

### 5. Obtain an Employer Identification Number (EIN)

- **What is an EIN?:** An EIN is like your business' social security number.
- **Why You Need an EIN:** An LLC needs an EIN for tax reporting, opening a business bank account, and hiring employees.
- **How to Get an EIN:** Apply online for free through the [IRS website](#).

## 6. Register for State Taxes

- **Sales Tax Permit:**
  - **Connecticut:** If your business involves selling goods or services subject to sales tax, register for a Sales Tax Permit with the Connecticut Department of Revenue Services (DRS).
  - **Massachusetts:** [Register for a Sales and Use Tax Certificate](#) with the Massachusetts Department of Revenue (DOR) if you sell taxable goods or services.
- **Other State Taxes:** Depending on your business activities, you may need to register for additional state taxes, such as withholding tax if you have employees.

## 7. Comply with Local Licensing and Zoning Requirements

- **Business Licenses:** Check if your LLC needs specific licenses or permits to operate with your local city or county government.
  - **Connecticut:** Requirements may vary by city.
  - **Massachusetts:** Local requirements also vary, so check with your municipality.
- **Zoning Compliance:** Ensure your business location adheres to local zoning laws, particularly if operating from home.

## 8. Open a Business Bank Account

- **Separate Business Finances:** Open a business bank account in your LLC's name and EIN to keep your personal and business finances separate.
- **Documentation Needed:** You'll typically need your EIN, Certificate of Organization and possibly your Operating Agreement to open a business bank account.

## 9. Maintain Compliance with Ongoing Requirements

- **Annual Reports:**
  - **Connecticut:** [File an annual report](#) with the Secretary of State by March 31 each year. The filing fee is \$80.
  - **Massachusetts:** [File an annual report](#) with the Secretary of the Commonwealth by March 15 of each year (for LLCs with a December 31 fiscal year end). The filing fee is \$500 online or \$520 by mail.
- **Business Tax Obligations:** Stay on top of state and federal tax requirements to avoid penalties and ensure your LLC remains in good standing.
- **Beneficial Ownership Filing:** Starting this year, most LLCs are required to report information on the identity of their owners and leadership to the Department of Treasury's Financial Crimes Enforcement Network (FinCEN) as part of the Corporate Transparency Act. This includes providing details on individuals who have significant control over or ownership of the LLC. You can learn more about this requirement in our [blog post on the topic](#).

## 10. Seek Professional Assistance

- **Legal and Accounting Help:** LLC creation can be complicated with multiple decision points along the way. Accordingly, you should consult with a business attorney and business accountant to ensure you've covered your legal, financial and tax bases.

## Conclusion

Whether you're forming an LLC in Connecticut or Massachusetts, this LLC checklist provides an outline of the essential steps needed to start your business. We have advised countless entrepreneurs as they form and grow their businesses. [Contact us](#) today and we can help you get started. If you'd like our help creating an LLC in Connecticut or Massachusetts, fill out this form providing us with some key information and we will work with you to form your LLC.

**Contact us for a consultation:**

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