



5 Biggest Business Formation Mistakes

- 1.** Don't make the mistake of choosing a corporation type that increases tax liabilities or requires more government regulation. Your business entity affects the amount of taxes you pay, the employee benefits you can offer, the amount of paperwork you deal with and more. In the U.S., the three most common business structures are the LLC (limited liability Company), S corporation and C Corporation. All three entities protect the personal assets of the owners from liability, yet differ when it comes to tax treatment, etc.
- 2.** All business owners can benefit from the opportunity to protect their personal assets from business debts. No business is too small to form a limited liability company or to incorporate and have the personal asset protection benefits an owner deserves and gets by law. The biggest mistake in business formation may be trying to do it without a lawyer because you might think it's too expensive or time consuming to form the proper business structure. Without help from a qualified lawyer, how can you know if your personal assets are really protected?
- 3.** Keeping your LLC or corporation compliant with Arizona Laws is essential and not doing so is a mistake that may well be regretted by the business owner. Failure to do so may result in your company being designated "in bad standing" with the corporation commission. Besides this being in the public record and available online for anyone to see, it can bring negative legal consequences. A plaintiff may try to show that you have not maintained your LLC or corporation to the letter of the law, and if that attempt is successful, your corporate shield will be pierced, putting your personal assets at risk.
- 4.** Without the liability shield of an LLC or corporation your personal assets such as your savings, home and car might be taken away by your business creditors. It can be a truly life-ruining mistake. All business owners can benefit through a proper business formation that enables the opportunity to separate and protect their personal assets from their business debts. Can you really afford to not have a good lawyer to guide you and help you protect your personal assets?
- 5.** Incorporating yourself through a legal document preparer can be a big, no make that a colossal mistake. They are NOT lawyers and don't have the complete spectrum of legal knowledge nor the legal qualification or standing to give advice. It's like flying blind and none of us want to crash when forming a business. Using a lawyer is not expensive (especially when compared to costly mistakes) and the lawyer can file your paper work with the proper agencies and arrange required publication and follow through with all necessary steps. Remember, a legal documents preparer is not allowed to give you legal advice—they aren't qualified and it's the law.

**Set up a consultation with one of our experienced attorneys today.
Contact Bellah Perez, PLLC at 602-252-9937.**