

ENTITY READY, YEAR-END STEADY:

Supporting Clients the Smart Way



AGENDA

- I. Introduction
- II. Key Legal and Administrative Year-End Tasks
- III. Best Practices for Tracking and Monitoring
- IV. Resources & Tools for Business Entity Management
- V. Conclusion and Q&A

TODAY'S PRESENTER

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Key Legal and Administrative Year-End Tasks

Core Activities



Annual Report

Consequences of Not Filing an Annual Report

Lose the right to your business name

Corporate veil could be pierced

Make it difficult to secure capital

Not able to bring a lawsuit

Increase risk of business identity theft

Loss the right to conduct business



[Annual Report List by State for LLCs and Corporations](#)



Annual Meeting Minutes

Why Minutes Matter?

Crucial Uses for a Business

Legal Compliance

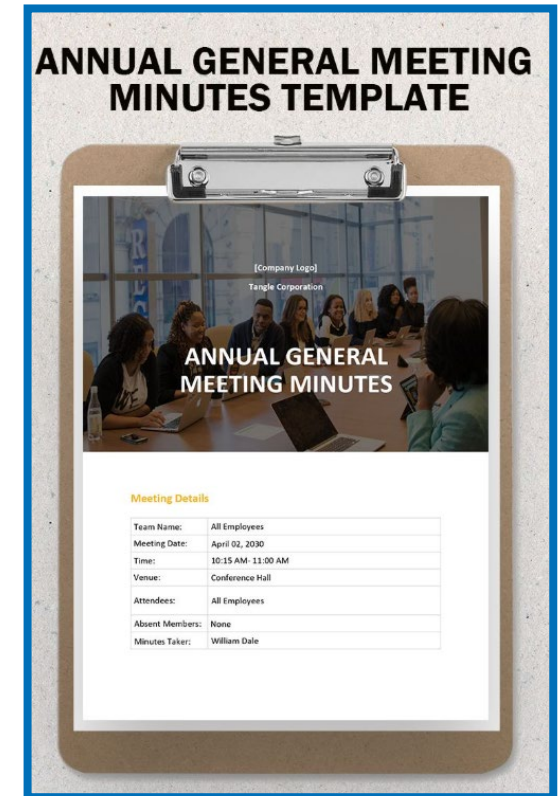
Both Public and Private Corps

Limited Liability Companies (LLC's)

Nonprofit Organizations

Accountability

Historical Documentation



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Renew Sales Tax Licenses and Reseller Permits

A sales tax license identifies businesses that sell taxable goods and services on a retail basis.

A reseller license gives a business permission to sell taxable products on a wholesale basis to retailers without collecting sales tax.



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Renew Business Licenses and Permits

- Cloud Storage (maintain a portal)
- Identify Licenses/permits needing renewal
- Determine renewal steps or documentation needed
- Choose self-filing or CorpNet Filing Service
- Submit renewal via chosen method
- Verify renewed status
- Collect and Store Documentation
- Update renewal Calendar and set reminders
- Retain renewal evidence for records

**14 common business licenses and permits**

1 General business license	8 Health permits
2 Employer Identification Number (EIN)	9 Professional licenses
3 Doing business as (DBA)	10 State permits
4 Federal permits	11 Building permits
5 Sales tax permit	12 Home-based business licenses
6 Environmental permits	13 Sign permits
7 Fire permits	14 Zoning permits



Reinstatements

- 1. Filing Requirements:** Most states require a reinstatement filing; may also need to file past-due documents depending on why the company lost good standing.
- 2. Penalties & Fees:** Typically, only reinstatement fees apply, but some states may assess additional costs based on the reason for bad standing.
- 3. Original Formation Date:** Yes, the entity keeps its original formation date after reinstatement.



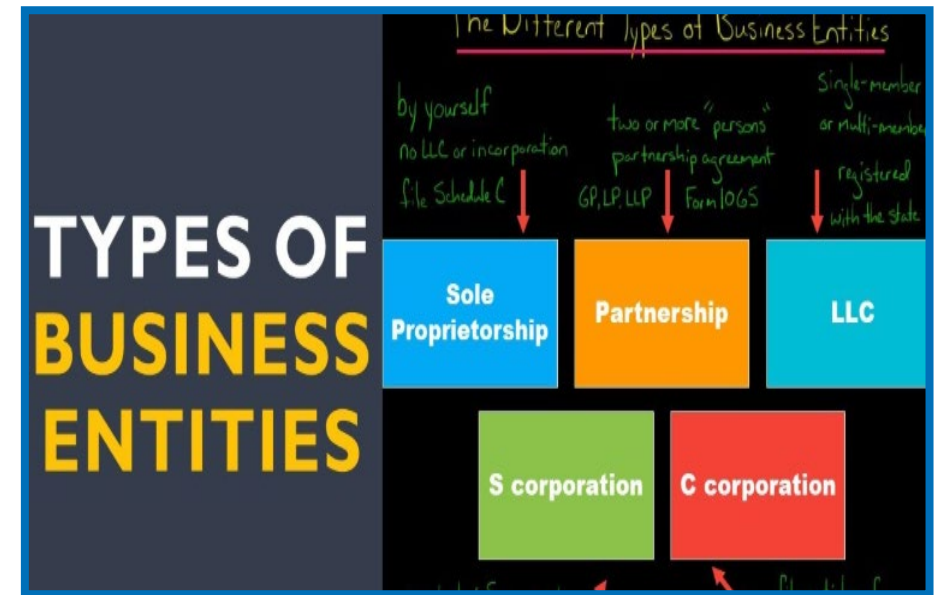
Lost your LLC status?
Here's how to get it back



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Entity Conversions

- **Limit Personal Liability:** Protect owners' personal assets from lawsuits or business debts.
- **Tax Benefits:** Gain flexibility in how the business is taxed and potentially reduce tax burden.
- **Attract Investors & Raise Capital:** Registered entities appeal more to lenders and investors.
- **Support Growth:** Bring in additional owners or shareholders to handle increased workload.
- **Professional Image:** Enhance credibility by operating as an LLC or Corporation.
- **Expansion Opportunities:** Easier to register in other states for growth.
- **Ownership Transfer:** More straightforward to sell or transfer ownership.
- **Management Structure Needs:** LLCs may convert to Corporations for formal governance or stock programs.



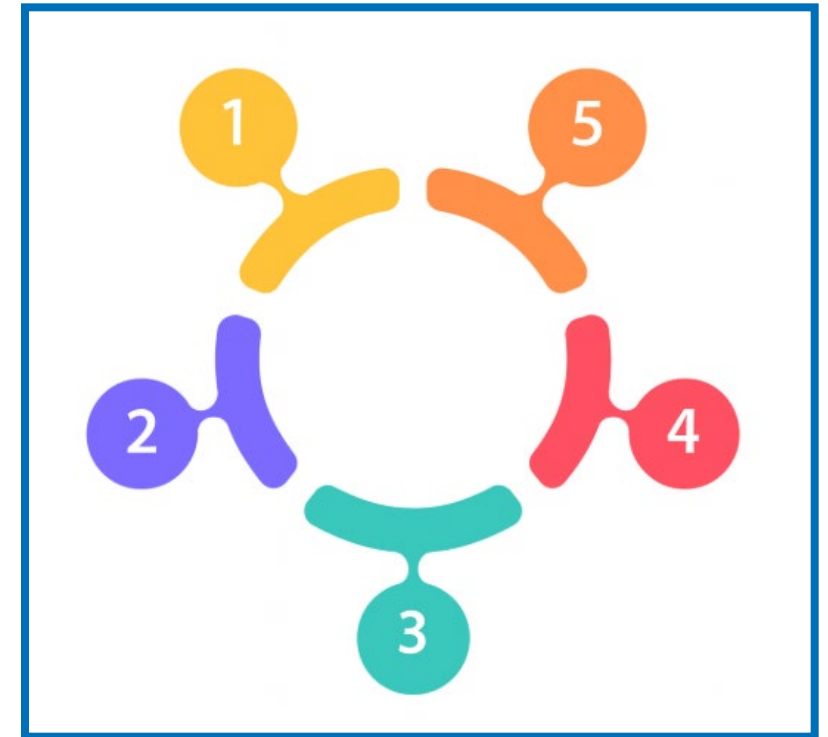
What is Domestication?

- **Definition:** Transferring an LLC or C Corporation's legal domicile (charter) from one state to another.
- **Domestication vs. Foreign Qualification:**
 - *Domestication* = Move the business to another state; it no longer exists in the original state.
 - *Foreign Qualification* = Register to do business in additional states while keeping original domicile.
- **State Rules:** Not all states allow domestication; requirements vary—check with the Secretary of State in the target state.
- **If Not Allowed:** Must form a new entity in the target state and dissolve in the original state.
- **Advantages:**
 - Fewer tax consequences compared to dissolving/reforming.
 - Retains business credit history, aiding investor and lender confidence.
 - Possible to change jurisdiction without full dissolution if already foreign qualified elsewhere.
- **General Steps:**
 1. Apply for domestication in the new state.
 2. Dissolve the business in the original state (after approval).
- **Common Documents Required:**
 - Articles of Domestication (new state)
 - Certificate of Good Standing (original state)
 - Copy of Articles of Dissolution (original state)
- **Caution:** Never dissolve in the original state before domestication is approved in the new state to avoid losing active status

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Dissolutions

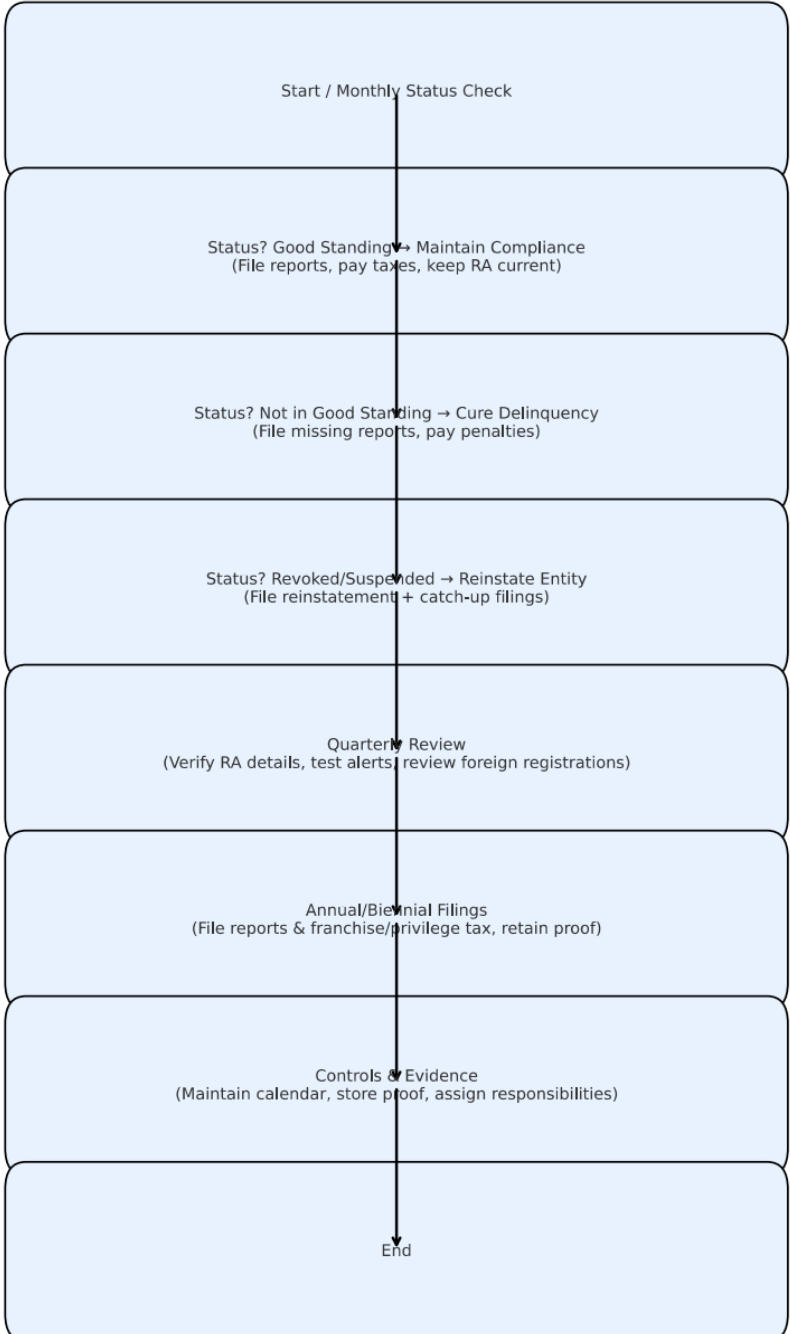
- Vote on Closure
- File Dissolution Paperwork
- Remain in Good Standing Before Closing
- Inform the IRS
- File Final Taxes



Best Practices for Tracking and Monitoring

Systematizing Entity Management

Entity Status Workflow



Best Practices

- 1 • Centralize License Tracking
- 2 • Stay Ahead of Renewals
- 3 • Standardize Compliance Processes
- 4 • Monitor Multi-Jurisdiction Requirements
- 5 • Tie Into Broader CAS Services
- 6 • Continuous Improvement

Case Study

Background

Midwest Precision Fabricators (MPF), a 25-year-old manufacturing company, expanded into multiple states but struggled with business license renewals, annual reports, and state registrations. Missed deadlines led to penalties and risk of administrative dissolution

Challenge

Entity compliance was tracked manually in spreadsheets, creating inconsistent records and missed deadlines. MPF needed a centralized system and proactive oversight.

Solution

Their CAS provider implemented **CorpNet** to:

- Create a centralized compliance dashboard

- Automate renewal reminders and filings

- Review compliance status during quarterly CAS meetings

Results

- 100% on-time compliance** across all states

- \$12,500 in penalties avoided** in the first year

- 15+ staff hours saved monthly** through automation

- Enabled **confident expansion** into a new state

- Strengthened client trust in CAS as a **strategic partner**

Resources & Tools for Business Entity Management

Practical Applications

Locating Resources & Tools

- 01 Technology Platforms
- 02 Professional Associations & Networks
- 03 Government & Regulatory Resources
- 04 Educational Content
- 05 Best-Practice Templates



Conclusion

Questions & Answers