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Incorporating 101: Choosing Your Legal Structure Your Business Enterprise

In establishing a new native business enterprise in North Carolina, one of the first steps to consider is to determine what form of business / legal structure your company will operate under.

There are several basic business structures, or legal forms of organization, that a business may take in North Carolina. Below are the basic business structures or legal forms of business organization:

- Sole proprietorship
- General Partnership
- Corporation
- S-Corporation
- Limited Liability Company (LLC)
- Limited Liability Partnership (LLP)

How you incorporate your business affects several important factors:

- Taxation
- Decision-making authority
- Legal & Financial Liability

When making choices about your business structure, you want to consider:

- Business activity; what type of business do you operate
- Financial requirements of the business
- Assessment of risk
- Management control; what form of management will be used
- Participation of others; will there be employees, investors, partners, etc.
- Personal needs

Keep in mind that there is no statewide registration of business name for sole proprietorships or general partnerships. You must register your business name (Certificate of Assumed Name) in each county where you will do business

It is not necessary to file a Certificate of Assumed Name in a county where no place of business will be maintained or where the only business is “the sale of goods by sample, by traveling agents, or by mail.”

When a LLC, LLP, or Corporation is formed, these business structures are then registered with the state of North Carolina. This applies for both non-profit and for-profit entities.

Prior to selecting any legal form of business structure, it is advisable to seek the advice of an attorney and/or an accountant. These professionals can discuss with you the legal and tax consequences that are associated with each business structure.

American Indian business owners can obtain additional information about their business goals by contacting an economic development specialist at the **NC Indian Economic Development Initiative**. More information and online filing articles of Incorporation can be done through the **NC Dept. of the Secretary of State Corporations Division**.

For Frequently Asked Questions (FAQs) regarding business structure visit the **NC Dept. of the Secretary of State Corporations FAQs**.

Information gathered from the SBA, NC Dept of Commerce and NC Secretary of State and compiled by NCIEDI for the purposes of informing the public, and is in no way intended to be legal advice; they are provided for informational purposes only and are provided for your consideration.

