

What You Need to Know

WYOMING LIMITED LIABILITY COMPANY

SETUP

Filing: Our office will set up a Wyoming limited liability company with the State of Wyoming, Secretary of State and draft the necessary operating agreement. Your LLC is registered the same day we submit the paperwork to Wyoming online and our office will immediately have the registration paperwork from the State. The registration fee is \$103.75.

Tax Identification Number: We will obtain for your LLC a federal tax identification number (TIN or EIN). Use that number to open bank accounts and to file tax returns (if required).

Registered Agent: The term registered agent or statutory agent, refers to any individual that is assigned to receive legal notices on your behalf, such as a summons, lawsuit or similar legal action. The address of the registered agent must be a street address and cannot be a post office box.

A registered agent is appointed for your LLC. Their fees for acting as your registered agent is can range from \$50 - \$100 per year, and you will be invoiced every year by email.

Members and Managers: The LLC members are the owners of the LLC. They are identified on the very last page of your LLC agreement (Exhibit "A"). The LLC manager (one or more may be appointed) runs the LLC and signs on the bank account. The manager may be one of the members or a third party. The name of the manager appears on the signature page. Any LLC manager may be removed by the members and a new manager appointed. Identity of members is not public information.

MAINTENANCE

Assets of the LLC: The LLC may own any asset, but we generally do not use LLCs to own a personal residence. The transfer of a personal residence to an LLC may trigger the "due on sale" clause in your mortgage, which would require you to refinance. For personal residences we use trusts to avoid the triggering of the due on sale clause.

Transfer assets to the LLC by titling them in the name of the LLC. For real estate, a Grant Deed will need to be recorded to implement the transfer of title. Assets that do not have a readily ascertainable title are assigned to an LLC via an assignment agreement. Our office will usually prepare and record the grant deed to transfer your real estate to an LLC. We are not able to retitle your other assets (like bank and investment accounts), you would need to do that.

The LLC liability shield: An LLC is a separate legal entity with its own existence. If the LLC is sued, that lawsuit, generally, cannot reach your assets. To make sure that remains true, please keep a separate bank account for the LLC, maintain books and records and do not have the LLC pay for your personal expenses or divert LLC income into your personal bank account. All rents from a rental property in an LLC should be deposited into the LLC's separate bank account. All rental property expenses must be paid from the LLC's account. The member of the LLC may take a distribution from the LLC and then pay their own expenses - but may not pay personal expenses directly from the LLC.

If you are being sued personally, then assets owned by an LLC are not owned by you. You will own only an LLC interest, which is generally not attachable by a creditor.

Certificate of Good Standing: If you are asked to produce a certificate of good standing (may be required by a bank or to register the LLC in another state), we will be able to request one from the Secretary of State of Wyoming, which is free online and is immediate.

TAXATION

The annual LLC tax: Every Wyoming LLC is subject to the \$62 annual tax beginning the second year. Your Wyoming registered agent will send you notices to remind you that the payment of tax is due. However, the tax is due and must be paid even if you do not receive the notice from the registered agent for any reason.

California registration: If the Wyoming LLC is operating a business in California it is required to register with the California Secretary of State as a foreign LLC doing business in California and pay the annual \$800 tax to California. We generally do not set up Wyoming LLCs to operate a business in California. When you open a separate bank account for the LLC, you will make sure they know that you are conducting business only in Wyoming and supply them with the address for the registered agent.

City License Tax: If your Wyoming LLC is using a Los Angeles address you may receive a notice from the City of Los Angeles regarding the business license tax. Please forward this document to your accountant for a response. If your LLC is purely a passive holding company, the response should state that the LLC does not conduct business in Los Angeles.

Federal and State Income Taxes: If you are the sole owner of your LLC, or if you and your spouse co-own the LLC as community property, the LLC is a disregarded entity for income tax purposes. That means that no federal or state income tax returns are required. You will be directly taxed on the income of the LLC.

If you co-own the LLC with a person other than your spouse, then for income tax purposes the LLC will be treated as a tax partnership and will have to file partnership income tax returns.

UNWIND

Termination of LLC: If you decide to terminate the LLC, there is a \$50 fee to file articles of dissolution. Your filing usually will be processed within one week. Wyoming does not require that you obtain tax clearance before dissolving your LLC.

For federal tax purposes, check the “final return” box on your IRS Form 1065 if your LLC is classified as a partnership for tax purposes, or IRS Form 1120 if your LLC is classified as a corporation for tax purposes.

Schedule Your Free Consultation

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CREATIVE AND AGGRESSIVE ASSET PROTECTION PLANNING