



# 2024 LUNCH & LEARN SERIES

## Legal Considerations

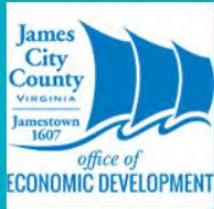
Donna L. Norman | HRSBDC

August 15th

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# An Initiative of the Virginia Peninsula



## Hampton Roads Small Business Development Center

The HR SBDC is a team of business and technical experts available to listen, advise and assist entrepreneurs; confidentially and free of charge. Our commitment is to help small businesses achieve their business goals. We offer 1:1 assistance, connection to curated research, access to technical experts and professionals, and timely events and training.





# Save the Date

## Peninsula Home-Based Business Conference

November 7, 2024

Virginia Peninsula Community College



2024  
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SERIES

# Tell Us About You

## Survey

# B.A.I.L. Team

- **Banker** - advise you on what types of bank accounts you should have for your business.
- **Accountant** – business formation and financial management
- **Insurance** – identify and provide protection in potential areas of liability
- **Lawyer** – advise on business activities including contracts, intellectual property, etc.

**Resource Link:** [Interviewing Your Bail Team](#)

# Business Structure

- Sole Proprietorship, Partnership, LLC, S-Corp, C-Corp
  - Operating alone or with others (Shareholders, Members, Partners)
  - Nature of activity and operation of the company
  - To make money or for non-profit
  - How much you will pay in taxes
  - What type of tax return you need to file
  - Complexity of bring on additional owners
  - Potential personal liability

A legal professional can help you assess which business structure is most suitable for your home-based business.



**BUSINESS ENTITY COMPARISON CHART**

	<b>Sole Proprietorship</b>	<b>General Partnership</b>	<b>Limited Partnership</b>	<b>Limited Liability Company</b>	<b>Corporation (Corp.)</b>
<b>Definition</b>	One person owns all the assets, owes all the liabilities, and operates in their personal capacity.	A voluntary association of two or more persons who jointly own and carry on a business for profit.	A partnership with one or more general partners and one or more limited partners.	Statutorily authorized company that is characterized by limited liability and management by members or managers.	Having lawful authority to act as a single person distinct from the shareholders who own it.
<b>Formation</b>	No formal requirements.	No formal requirements.	Filing with the state.	Filing with the state.	Filing with the state.
<b>Governing Documents</b>	None	Partnership agreement.	Articles of Incorporation and partnership agreement.	Articles of organization and operating agreement.	Articles of incorporation and bylaws.
<b>Cost of Creation</b>	None	None or Low	Medium	Medium	High
<b>Owners</b>	Sole proprietor	General partners	General/ Limited partners	Members	Shareholders
<b>Number of Owners</b>	One	Unlimited	Unlimited	Unlimited	Unlimited, except 100 shareholders for S-Corp.
<b>Personal Liabilities of Owners</b>	Unlimited liability for the obligations of the company.	Unlimited liability for partners for obligations of the company.	Unlimited liability for general partner(s); generally no liability for limited partners.	Generally no liability for members for obligations of company.	Generally no liability for shareholders for obligations of company.
<b>Taxation</b>	Pass-through	Pass-through	Pass-through	Typically pass-through but may elect taxation as a corporation.	Tax at corporation and shareholder level unless S. Corp then shareholder level only.
<b>Applicable Tax Rates</b>	Individual tax rates.	Tax rate of partner.	Tax rate of partner.	Tax rate of partner if taxed as partnership; otherwise, corporation tax rates.	Corporate tax rates for C- Corp.; tax rates of shareholders for S-Corp..
<b>Tax Treatment of Liquidation</b>	No tax.	Generally, no tax.	Generally, no tax.	Generally, no tax if taxed as partnership; will likely be corporate and shareholder level taxes if taxed as corporation.	Generally, will be corporate and shareholder level taxes for C-Corp, tax only at shareholder level for S-Corp..



# Licensing and Permits

- Local Zoning Laws
- HOA, Deed, or Lease Restrictions
- Commercial Signage
- Business License
- Professional or Industry Licensing
  - Health & Safety

# Contracts

- Crafting solid and defensible contracts
- Review current contracts
  - Terms of agreement
  - Scope of work
  - Payment terms
  - Deadlines
  - Other relevant details

# Intellectual Property

- Protect one of your most valuable assets
  - Trademarks – protect distinguishing brand, logos, slogans, etc.
  - Copyrights – safeguard authorship (written, music, and software)
  - Patents – protect new inventions or improvements to existing technologies
  - Trade Secrets – confidential business information that provides a competitive advantage



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