

Title:

LLC (Limited Liability Company) What Is It?

Word Count:

316

Summary:

This newly created entity within the United States has been around for many years in other countries. It is commonly used in Germany, in fact. But, what is LLC? How does it work and why is it a benefit to you or to others who use it? There are some things to consider prior to getting involved with a limited liability company.

First, knowing what an LLC means is important. It is a title of a company that is able to have flexibility of sole proprietorship structure but it i...

Keywords:

LLC formations

Article Body:

This newly created entity within the United States has been around for many years in other countries. It is commonly used in Germany, in fact. But, what is LLC? How does it work and why is it a benefit to you or to others who use it? There are some things to consider prior to getting involved with a limited liability company.

First, knowing what an LLC means is important. It is a title of a company that is able to have flexibility of sole proprietorship structure but it is in the framework of a limited liability company. Sounds confusing? Well, in limited liability, the investor puts in his own money into the investment of the company. But, if the company runs into debt, this investor is not responsible for paying the fees of the company out of his pocket. He can only lose what he has put in, nothing more. In a sole proprietorship, the owner is responsible for much more.

One of the advantages of LLC then is that they gain many of the benefits of the limited liability but they also are structured in such a way that it is much easier to create and register the LLC. Most states place strict guidelines for limited liability organizations and this is a way of getting around that much simpler.

There are other advantages to the LLC as well. For example, you will find in

their taxes, these companies have the ability to choose which type of corporation they are. Are they an LLC with one owner or they can elect to be treated as a C corporation or S corporation. Depending of course on which is the best way for them to go.

You can learn more about LLC's and their abilities to be used throughout the web. You will find that they are some of the most interesting structured companies out there.