

**Title:**

Incorporate Your Business for Long-Term Benefits

**Word Count:**

593

**Summary:**

Discover how incorporation can benefit your small business and help it to grow...

**Keywords:**

incorporate, incorporate business, incorporate online, form an llc, forming an llc, llc formation

**Article Body:**

If you're considering turning your small business into a corporation, there are certain benefits to expect when it comes to taxes, liability, and company operations. Though incorporation isn't the answer for every business, it's good to be familiar with the benefits from the start so you can maximize your company's potential for future growth.

### Incorporate Your Business for Possible Tax Advantages

Tax benefits are the main reason many companies decide to incorporate. A corporation enables you to accumulate your wealth and assets with special tax rates meant for corporations. These rates are a bit lower than tax rates for individuals. Also, when you own a small business and do not incorporate the business, you must pay self-employment taxes (including social security tax) along with regular income tax, either quarterly or in one lump sum. Operating as a corporation enables you to set up a payroll structure similar to working for someone else, where these taxes are taken out of your paycheck little by little on a regular basis.

Corporations are able to deduct many operating expenses without restriction. They can also split income with shareholders, a process that often lowers the overall tax bracket for the corporation. The term for this is called "shifting." Corporations are also less susceptible to IRS audits whereas sole proprietors are targeted frequently for audits.

### Corporation Benefits for Employees

When you incorporate your business, you may receive tax-free benefits as an

employee such as medical insurance, life insurance, a retirement plan, education, work-related travel, and client or employee entertainment. Most states allow for these benefits even if your corporation only has one employee.

### Liability Benefits

Liability is another major benefit of forming a corporation. Because a corporation is a legal entity of its own, it is similar to person, which means it can be sued or sue another. The shareholders are not held responsible for the corporation's obligations and debts. In a sole proprietorship or partnership, you could lose everything you have (including your home and personal assets) if a lawsuit is filed against your company.

### Corporations Live On

After you've retired or passed on, your corporation will still exist for another to continue the business. This is possible because a corporation doesn't rely on one or two persons to be an operating business. It is a separate legal entity that can be operated by a group of shareholders and board of directors.

### Financial Benefits

When you incorporate, you give your company the ability to grow financially. It's much easier to raise money for a corporation, and shareholders can help make things possible that you as an individual cannot accomplish on your own. The business will have more opportunity to grow and become a great success as a corporation.

### Forming an LLC

Even when considering all the benefits of incorporating, you might still be hesitant about this decision. Forming an LLC (Limited-Liability Company) is another option. When you form an LLC, you are creating a legal entity for your business just as with a corporation. You are not legally liable for your company's debts, but the tax requirements are different than those of a corporation. Be sure to study the differences between the two before making a decision. LLC formation might be the right avenue for your small business.

If you feel it will benefit your business to incorporate, you can check out great resources on the Web to help the process go smoother. There are many websites that enable you to incorporate online and provide helpful tools so you can start enjoying corporate benefits in no time.