

# Indiana Starting a Business

## Chapter 1 - Choosing a Structure - Informal Associations

There are several ways to structure and manage your business. Informal Associations require no filing with the Indiana Secretary of State:

**Sole Proprietorship:** One person who conducts business for profit. The sole owner assumes complete responsibility for all liabilities and debts of the business.

TAX: The income of the business is reported as part of the owner's personal income.

**General Partnership:** Two or more individuals as co-owners of a for-profit business. Partnerships should operate under a written Partnership Agreement to avoid future problems. All partners are responsible for the liabilities and debts of the partnership. TAX: Partnerships enjoy single taxation. Income is reported as part of each partner's personal income.

If these informal associations are selected Sole Proprietorships and General Partnerships need only file at the [County Recorder](#) level. Example: John Doe operates a business as a Sole Proprietor; d.b.a. John's Plumbing Service.

If the choice is made to structure the business as an informal association. Here are samples of content required for the document one would file with the County Recorder's office.

<http://www.in.gov/icpr/files/CertificateofAssumedBusinessName.pdf>

[http://www.in.gov/icpr/files/County\\_Recorder\\_Affirmation\\_Statement.pdf](http://www.in.gov/icpr/files/County_Recorder_Affirmation_Statement.pdf)

## Chapter 2 - Choosing a Structure - For Profit Formal Associations

The following formal business associations require the filing of organizational documents with the Business Services Division of the Secretary of State:

**Corporation:** A legal entity which is created by filing Articles of Incorporation. The Corporation itself assumes all liabilities and debts of the Corporation. A corporation is owned by shareholders. A shareholder enjoys protection from the corporation's debts and liabilities. TAX: Income is taxed twice:

- 1) at the corporate level; and
- 2) at the employee level when a wage is paid or at the shareholder level when distributed as a dividend. After filing Articles of Incorporation, a Corporation may seek to obtain S Corporation status for federal income tax purposes. The income of an S Corporation is taxed only once: at the employee

or shareholder level. To qualify, the corporation may not have more than 75 shareholders and must meet other certain Internal Revenue Service criteria. The corporation must submit IRS Form #2553 to the IRS. An S-Corporation is considered a corporation in all other respects and is subject to no additional or special filing requirements with the Secretary of State.

**Limited Liability Company:** An LLC is a formal association which combines the advantage of a corporation's limited liability and the flexibility and single taxation of a general partnership. An LLC has members rather than shareholders. A member enjoys protections from the liabilities and debts of the LLC. Although not required by law, an LLC should operate under an Operating Agreement which is like a Partnership Agreement. TAX: If the LLC qualifies under IRS guidelines, it may be taxed only once, like a partnership, at the employee or member level, while not having the same restrictions as an S-Corporation.

**Limited Partnership:** A partnership with at least one General Partner and one Limited Partner. A limited partner's liability is limited to the amount invested, while the General Partner(s) assumes all the liabilities and debts of the partnership. TAX: Partnerships enjoy single taxation. Income is reported as part of each partner's personal income.

**Limited Liability Partnership:** A General Partnership which elects to operate as an LLP. To operate as an LLP, a Registration must be filed with the Secretary of State. Unlike a General Partnership, the partners in an LLP enjoy protection from many of the partnership's debts and liabilities. TAX: Partnerships enjoy single taxation. Income is reported as part of each partner's personal income.

If the choice is made to structure the business as one of these formal associations the documents may be filed online with a credit card or [IN.gov subscriber account](#)

## Chapter 3 - Choosing a Structure - Non-Profit Formal Association

A non-profit corporation's purpose is to engage in activities which do not provide financial profit to the benefit of its members. Such corporations must obtain non-profit or tax exempt status from the IRS and Indiana Department of Revenue to be free from certain tax burdens.

**Note:** Before filing or completing Articles of Incorporation, you should first contact the IRS. The IRS will recognize and provide tax exempt status to a nonprofit corporation only if it meets certain criteria and guidelines. The IRS publishes a booklet which is helpful in this process: "Tax Exempt Status for Your Organization" Publication #557. This publication can be viewed and downloaded [here](#)

If you intend to apply for IRS federal tax exemption as a charitable organization, your articles of incorporation must contain a required purposed clause and a dissolution of assets provision. Valuable information on 501(c)(3) qualification is on the [IRS website](#) . It includes sample articles of the incorporation. Click the "Charities and Nonprofits" link and then the Life Cycle topic.

Internal Revenue Service conducts workshops across the nation on basic tax compliance issues for small and mid-sized exempt organizations. The workshop covers the procedures tax-exempt organizations must follow to maintain their tax-exempt status and comply with their tax obligations. The workshop is designed for board members, officers and staff of small and mid-sized tax-exempt organizations and the practitioners who work with them. You may view the schedule by [clicking here](#)

## Chapter 4 - Selecting a Business Name

Indiana Law requires that the name of a Corporation, L.L.C., L.P., and an L.L.P. must be distinguishable from the names of other businesses of the same type on the records of the Secretary of State's office. To determine if a particular name is available conduct a name availability check via our website. [\[click here\]](#) This is a preliminary check only. You should not rely, in any way, upon this preliminary information. If the name is available, you may either [file an application](#) to reserve the name for 120 days (\$10.00 online fee) or [file documents to organize](#) the business under that name. You ask what the purpose of the Check Name Availability search is. The Check Name Availability search helps the user determine if a business entity legal name may be available for use. It is only a preliminary search, meaning the name cannot be guaranteed as available until the final processing is completed at the time of filing.

We offer some Check Name Availability search tips. When performing searches, use the partial word search function. This will return a greater number of variations and will allow you to compare your proposed name to names which are already in our database. Use only the singular forms of your proposed name when performing your search. This would have the effect of returning plurals if the partial word search is used. This effect is desired because singulars are indistinguishable from plurals and possessives for Indiana Secretary of State registrations purposes. And...

When you are searching for information on a company which has "and" or "&" as a part of its name, you may need to perform your search using both cases in order to produce satisfactory results.

Following are the guidelines our office uses when checking for name availability at the time of processing a filing:

### **A name is distinguishable if:**

- a. it contains different letters, numerals or words.
- b. it has a different sequence of letters or numerals from other names on the Secretary of State's records.
- c. if the roots of the words are the same but the words are in a different order.

### **The following are not distinguishing characteristics:**

- a. the choice of the word indicating corporateness, e.g. corporation, inc., etc.
- b. the use of articles such as "the", "an" or "a"
- c. differences in punctuation

- d. differences in capitalization
- e. plurals or possessives
- f. hyphenation or combining words
- g. the words "and" and "&" are interchangeable upon the records of the Secretary of State
- h. numbers in Arabic, Roman or as a word are treated the same.

## **Chapter 5 - Forming the For Profit Formal Association**

Once you have selected the structure of your business and selected a business name you are ready to begin the life of the entity.

To form one of the Formal Associations, organizational documents must be filed with the Business Services Division of the Secretary of State. Although not required, boilerplate forms to form for-profit from the Division. You may obtain forms via our website, by visiting our office, or by mail. All cites are to the Indiana Code ("IC"). Each code cite is linked to the appropriate section of the Indiana Code.

**Corporation and S-Corporation:** To form a Business Corporation, Articles of Incorporation must be filed. The Articles of Incorporation must include the following: ([IC 23-1-21-2](#))

the name of the corporation (which must include "Corporation," "Company," "Incorporated," "Limited," or an abbreviation thereof);

the name and address of the [Registered Agent](#);

the number of shares of stock the corporation is authorized to issue;

the name and address of all the incorporators;

the original signature of the all the incorporators; and

a \$90.00 filing fee ( \$80.00 online)

**Limited Liability Company:** To form an L.L.C., "Articles of Organization" must be filed. Articles of Organization must include the following: ([IC 23-18-2-4](#))

the name of the LLC, which must end with "Limited Liability Company" or" LLC";

the period of duration of the LLC;

the name and street address of the [Registered Agent](#);

if the operating agreement vests management in a manager(s), a statement to that effect;

the signature of at least one organizer, member or manager; and

a \$90.00 filing fee. (\$80.00 online)

**Limited Partnership: To form an L.P.**, a "Certificate of Limited Partnership" must be filed. The Certificate of Limited Partnership must include the following: ([IC23-16-3-2](#))

the name of the limited partnership, which must end with Limited Partnership or LP;

the address of the office;

the name and address of the [Registered Agent](#);

the name and business address of all General Partners;

the signature of all General Partners;

the latest date upon which the partnership is to dissolve (cannot be perpetual); and

a \$90.00 filing fee. ( \$80.00 online)

**Limited Liability Partnership : To form an L.L.P.**, a "Registration" must be filed. The Registration must include the following: ([IC 23-4-1-45](#))

the name of the L.L.P., which must end with "Limited Liability Partnership" or "LLP";

the address of principal office;

the name and address of the [Registered Agent](#);

an indication of the nature of the business in which the partnership is engaged;

a statement that the Registration is evidence of the Partnership's intention to act as an LLP;

the signature of at least one partner; and

a \$90.00 filing fee. ( \$80.00 online)

Each of these transactions may be filed online or filed by paper. If the transaction is filed online the payment of the filing fee may be paid with a credit card or [IN.gov subscriber account](#)

The website to file all of these formation documents online is [here](#)

To file by paper and use the state prescribed forms download copies [here](#)

## Chapter 6 - Forming the Not For Profit Formal Association

Once you have selected the business name of the not for profit you are ready to begin the life of the entity.

To form the not for profit corporation organizational documents must be filed with the Business Services Division of the Secretary of State. Although not required, boilerplate forms to form the entity are available from the Division. You may obtain forms via our website, by visiting our office, or by mail. All cites are to the Indiana Code ("IC"). Each code cite is linked to the appropriate section of the Indiana Code.

To begin Articles of Incorporation must be approved and filed. The Articles of Incorporation must include the following: ([IC 23-17-3-2](#))

- the name of the corporation (which must include "Corporation", "Company," "Incorporated," "Limited," or an abbreviation thereof);

- a statement as to whether the corporation will be a public benefit, religious or mutual benefit corporation;

- the name and address of the [Registered Agent](#);

- the name and address of all the incorporators;

- a statement as to whether the corporation will have members;

- a statement regarding the distribution of assets upon dissolution ([IC 23-17-22-5](#)); and

- a \$30.00 filing fee ( \$ 25.00 online)

The transaction may be filed online or filed by paper. If the transaction is filed online the payment of the filing fee may be paid with a credit card or [IN.gov subscriber account](#)

This is the website to file the [Articles of Incorporation](#)

To file by paper and use the state prescribed form download a copy [here](#)

## Chapter 7 - Registration for Tax ID

The Secretary of State does not issue Federal Identification Numbers or determine whether a corporation will have an " S" or a " C" tax status. The office cannot give advice regarding tax issues. These issues must be discussed with the Internal Revenue Service. Businesses must obtain an Employer Identification Number. After receiving confirmation of your approved and filed documents with the Secretary of state you may obtain the Employer Identification Number online [here](#) or by

telephone or by filing Form SS-4 with the IRS. Employer Identification Number (606)292-5467. IRS Information Number (800) 829-1040. Forms (800) 829-3676. Or write: IRS, Cincinnati, OH 45999.

After contacting the IRS, Indiana imposes various taxes on businesses. Since you are starting a new business in Indiana, you may need to register with the Indiana Department of Revenue. You will need to register your business with the Department if you:

Will be selling products or tangible items ([sales tax](#))

Have employees ([withholding tax](#))

Sell food and beverages ([sales tax](#) and [food-and-beverage tax](#))

Rent accommodations for less than 30 days ([innkeeper's tax](#))

Rent motor vehicles ([motor vehicle rental tax](#))

Distribute gasoline or special fuel ([prepaid fuel tax](#))

Sell tires ([tire fee](#))

Sell fireworks ([safety fee](#))

The Indiana Department of Revenue offers an online New and Small Business Education Center [here](#). This resource will assist in answering questions such as how do I register a business with the Department?

For more information contact the Indiana Department of Revenue Taxpayer Services Division, Withholding (317) 233-4016, Sales Tax (317)233-4015, Corporate Tax and General Information (317) 615-2662. Or visit Room N-105 Indiana Government Center North, 300 North Senate Avenue Indianapolis, IN. 46204 (located just west of the State House).

## **Chapter 8 - Continuing Responsibilities**

After its initial organization, a formal business association must continue to meet certain statutory requirements.

Business Entity Reports must be filed to maintain current contact information for the public record. This report does not require financial or business activity of the entity. The filings are due during the anniversary month of the organization's formation or the anniversary month when granted authority to do business in the state of Indiana.

The purpose of the business entity report keeps the entity in good standing within the records of the Secretary of State. Failure to do so may allow a creditor to pierce the corporate veil and subject a shareholder's personal assets, such as bank accounts and other property, to the satisfaction of the debts and liabilities of the corporation.

As a courtesy the Secretary of State sends a reminder notice of the filing obligation. The office sends an email 90 days prior to the due date. If the business has yet to file the report 30 days prior to the due date the office sends a letter through regular USPS to the principal address.

A for profit business association must file the report biennially (every two years) in the anniversary month of formation along with a \$30.00 filing fee (\$22.44 online). You may access the online filing feature or print the report to mail to the Secretary of State [here](#). Business Entity Reports must be filed annually with a \$10 filing fee (\$7.14 online) for nonprofit entities.

Whenever the Registered Agent, Registered Agent's address, or Principal Office Address changes, a written notification must be given to the Secretary of State. You may file these changes [online](#) with an IN.gov subscriber account or by paper

#### [Notice of Change of Principal Office Address 50656](#)

Used to change principal office address

#### [Notice of Change of Registered Office or Agent 26276](#)

Used to change registered agent information

#### [Notice of Change of Principal/Officer 50655](#)

Used to change the Principal's or Officer's information

It is important to treat the corporation or formal association as a separate and distinct entity. Note: Treating the corporation like a corporation includes, among other corporate acts, issuing stock certificates which represent share ownership, electing directors and officers, filing the biennial report, keeping annual shareholder meeting minutes and maintaining a corporate bank account and financial records.

Filing Articles of Incorporation (see Chapter 5 and/or 6) marks the official beginning of a formal association. The official end to an entity is effective only upon the filing of Articles of Dissolution. Although an entity may stop doing business, it is still necessary to meet all statutory requirements such as business entity reports, until it is voluntarily dissolved.

Businesses must obtain an Employer Identification Number. See Chapter 7.

If you have a business with employees you have numerous responsibilities. Indiana Department of Workforce Development offers an employer handbook . The agency can be contacted at DWD at (317) 232-7436 or (800) 437-9136 or [www.in.gov/dwd/](http://www.in.gov/dwd/)

## **Chapter 9 - Qualifying as a Minority and Women's Business**

The Indiana Minority and Women's Business Enterprises Division is a multi-purpose service agency for all Minority Business Enterprises (MBE) and Women Business Enterprises (WBE).



On behalf of the State of Indiana, the Minority and Women's Business Enterprises Division actively promotes, monitors, and enforces its MBE/WBE program in order to provide an equal opportunity to minority and women's business enterprises that seek to participate in the state's procurement and contracting process.

To carry out its goals, the office reviews applications for Indiana certification, monitors participation of certified firms on state contracts, and provides training and networking events for certified firms.

To contact the office for general questions, please call:

Minority and Women's Business Enterprises Division  
402 W. Washington Street, Room W469  
Indianapolis, IN 46204

**Tel:** 317-232-3061

**Fax:** 317-233-6921

**E-mail:** <mailto:mwbe@idoa.in.gov>

In order to enhance the experience of firms applying for certification with the State of Indiana, the office of Minority and Women's Business Enterprises has established office hours for consultations:

Tuesdays and Thursdays  
2:00 p.m. to 4:00 p.m.  
By appointment only

**Please call:** 317-232-3061

## **Chapter 10 - Government Business Loans**

Federal, state and local governments offer a wide range of financing programs to help small businesses start and grow their operations. These programs include low-interest loans, venture capital, and scientific and economic development grants. The US Small Business Association provides information on financing [here](#).

Indiana Economic Development Corporation offers multiple resources in the development of your business. One portion of this initiative is the T-toolbox Guide to Development Funds, managed by Ball State University. This Guide is a comprehensive listing of grants, loans, tax programs, and incentives available in the state of Indiana. The searchable database of programs and provides the information entrepreneurs require to connect to projects that best fit your needs.

[Toolbox Guide](#)

## Chapter 11 - Important Terms and Concerns

**Registered Agent:** All Corporations, Limited Liability Companies, Limited Partnerships, and Limited Liability Partnerships must maintain a Registered Agent and Registered Address within the State of Indiana. The Registered Agent is the legal representative and contact for the business. The Registered Agent cannot be the business entity itself. The Registered Agent may be a person or another formal business association which was incorporated (or qualified) in Indiana and which maintains a valid Registered Agent in Indiana. The business address of the Registered Agent must be identical to the office address. A Post Office Box number is not sufficient unless a rural route number is part of the address.

**Business Entity Reports:** All Corporations and Limited Liability Companies must file Biennial Reports along with a \$30.00 fee ([\\$22.44 for online filing](#)). Nonprofit Corporations file a Business Entity Report annually along with a \$10.00 filing fee ([\\$7.14 for online filing](#)). This report is filed every year and is due in the month in which the corporation was incorporated. As a service the Secretary of State mails a reminder to each entity, but it is the responsibility of the business to file the report. If a for profit entity is formed in an even year, the report is filed every even year; if incorporated in an odd year, the report is filed every odd year. The report is due during the month in which the entity was incorporated. Filings can be done online through the Secretary of State's Web site [here](#).

**Administrative Dissolution and Revocation:** All Formal Associations are susceptible to administrative dissolution. Grounds for dissolution include failure to file Biennial Reports and failure to maintain a Registered Agent and office. Note: While administratively dissolved the corporation may not carry on any business except that which is necessary to wind up and liquidate its business and affairs. [IC 23-1-46-2\(c\)](#). If the business is administratively dissolved, the business may file an Application for Reinstatement. [IC 23-1-46-3](#).

**DBAs:** If a business is using a name other than its official name, it must file a Certificate of Assumed Business Name with the Secretary of State. Example: Smith Brothers, Inc., d.b.a. Smith's Restaurant. ([IC 23-15-1-1](#)). Sole Proprietorships and General Partnerships need only file at the County Recorder level. Example: John Doe operates a business as a Sole Proprietor; d.b.a. John's Plumbing Service.

**Management:** Management of a corporation is vested in the Board of Directors ([IC 23-1-33-1](#)). Directors are elected at the initial shareholder meeting and subsequent annual shareholder meetings ([IC 23-1-33-3\(c\)](#)). Officers are elected or appointed by the directors (or appointed by a duly elected or appointed officer) in accordance with the by-laws of the corporation ([IC 23-1-36-1](#)). Officers have the powers set forth in the by-laws or those provided by the directors ([IC 23-1-36-2](#)). One person may be the sole director and sole officer.

**Authorized Shares:** Every corporation must issue shares of stock. Shares represent ownership of the corporation. The corporation, itself, owns the assets. The number of authorized shares is what may be issued. For example, a corporation may be authorized to issue 1,000 shares, but only issue 200. You may purchase blank stock certificates and issue them to those who own an interest in the corporation. Stock certificates can be purchased at various office product stores.

**Tax Matters:** contact the [IRS](#) or [Indiana Department of Revenue](#)

**Investigate Corporate Fraud :** contact the [Attorney General, Consumer Protection Division; Securities Division of the Secretary of State](#) (317) 232-6681, an attorney, or a consumer advocate group.

## **Chapter 12 - Additional Resources**

There are many additional resources that can assist with counseling, formulating a business plan and potential contracting opportunities.

[Indiana Small Business Development Center](#)

[US Small Business Administration](#)

[SCORE](#) – Counselor's to small business

[Indiana Department of Administration](#)

[Indiana Economic Development Corporation](#)

[Indiana Chamber of Commerce](#)

[Secretary of State's Entrepreneur's Guide](#)

[State of Indiana's Business Owner's Guide](#)

[Better Business Bureau](#)