

## New York Corporations

(Fees quoted are exclusive of VAT)

Creation of a corporation occurs when articles of incorporation (called a charter or certificate of incorporation in some states) are filed with the proper state authority, and all fees are paid.

All corporations are "born" as "C" corporations, and can only become an "S" corporation by filing a form 2553 Election to S Corporation Status with the Internal Revenue Service.

- "C" corporations file corporate returns and are taxable on their worldwide income without regard to their shareholders. When profits after taxes are distributed to the shareholders, the shareholders are subject to income tax on the dividends received.
- An "S" corporation does not pay taxes itself: profits (or losses) are passed on to the shareholders directly; the shareholders then add profits or subtract losses on their personal income tax returns.

### Requirements:

- The name must contain one of the following words or an abbreviation thereof: corporation, incorporated or limited. The name may not be the same as that of any domestic or authorised foreign corporation or reserved name or similar as to be confusing. The use of certain words and abbreviations including banking, insurance and various professions is prohibited or restricted.
- Must have a registered office in the State of New York.
- A minimum of one director is required, can be a corporate.
- A "C" corporation can have unlimited number of shareholders. Non-US residents can be owners of a "C" Corporation (while an "S" Corporation may not have non-US residents as shareholders). The shareholders are not required to be individuals as with an "S" Corporation.
- A corporation requires that certain formalities be followed. The corporation must hold annual meetings of shareholders and directors each year and meeting minutes must be kept within the corporation's records.
- The stamp duty payable on the authorised share capital is one-twentieth of one percent upon the amount of the par value of all the shares with a par value and /or a stamp duty of five cents on each share without a par value. (Par value - 1/20 of 1\$ of total par value ; No par - \$.05 per share)

### Filings:

- Corporations formed in the State of New York have to pay a biennial filing fee (like LLC's).

### Mixed US And Non-US Source Income:

- Regarding taxes, any earnings the corporation makes globally must be declared at the State and Federal level. There is an absolute requirement that it file a US tax return regardless of whether there is US income. This is the reason for the LLC's being more popular with international clients.
- In contrast, the LLC is taxed as a partnership and the partners (principals) must file and pay individual US taxes only if they operate a trade or business in the US or if they have US-source (effectively-connected) income.

## Taxation:

- “C” corporation is a separately taxable entity. The profits and losses are taxed directly to the corporation. This can lead to double taxation on dividends that are paid out of corporate profits to the owners.
- “S” Corporation is a pass-through tax entity - this means that the income or loss generated by the business is reflected on the personal income tax return of the owners.

## Information required for registration:

- Proposed name(s) for a. It is advisable to give three alternatives.
- Due diligence questionnaire
- Main objects/purpose
- Names of directors and shareholders
- Duration
- County in the state of New York where the corporation will be located
- Stock structure

## Time taken to incorporate:

- Incorporation takes 48 hours.

Fees	
Incorporation (including first year registered office fees)	£750
Annual costs thereafter:	
Registered agent and registered office	£350 per annum
Filing of Biennial Statements	£75
Annual compliance fee	£100

Nominee Services Available	
Nominee Director	£300 per annum
Nominee Shareholder	£175 per annum

## Additional Services

Preparation of documents in connection with change of Managers/members	£100
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Additional charges apply for courier and notarisation / apostille.

Maintenance Services, fees will be charged for additional services on a time-spent basis.

PLEASE NOTE WE REQUIRE ALL CLIENTS TO SATISFACTORILY COMPLETE OUR DUE DILIGENCE REQUIREMENTS AND COMPLY WITH THE MONEY LAUNDERING REGULATIONS 2007.