



**YOUR
BUSINESS,
YOUR
FUTURE!**

**A Basic Guide to
Launching a Business for
Immigrant Entrepreneurs**



Acknowledgments

This guide was created by the New York Immigration Coalition and Pratt Center for Community Development, as part of an effort to increase access to clear information and resources for immigrant entrepreneurs in New York. The publication of this guide was generously funded by Capital One, the NYC Department of Youth and Community Development, the New York City Council and the Speaker's Office, through the New York Immigration Coalition's Key to the City Initiative.

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New York Immigration Coalition

The New York Immigration Coalition is a non-profit organization that envisions a New York State that is stronger because all people are welcome, treated fairly, and given the chance to pursue their dreams. The Coalition unites immigrants, members & allies so all New Yorkers can thrive.

Pratt Center for Community Development

Pratt Center for Community Development combines urban planning, research, policy advocacy, and small business assistance to empower low- and moderate-income communities to plan for and realize their futures for a more equitable and sustainable city for all New Yorkers.



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A Message from New York City Council Speaker Corey Johnson

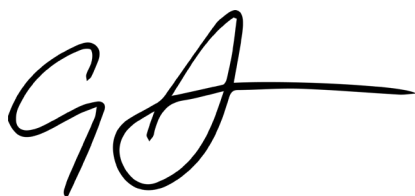
Dear New Yorker,

The City of New York that we know and love would be nothing without our immigrant entrepreneurs. Immigrants are the backbone of our local economy, with high rates of labor force participation and business-ownership. In fact, immigrants own one-half of New York City's businesses and contributed \$228 billion to the City's GDP in 2017. However, there are few resources that are specifically targeted to helping prospective immigrant business owners. I am excited to add this resource to the toolbox of City efforts to support the growing sector of immigrant-owned businesses. It is an important step in assuring that we continue to remove barriers to success for all New Yorkers.

At a time when hardworking immigrant New Yorkers are under attack by the federal government, I am proud that the City Council supported the creation of this guide. "Your Business, Your Future" is the culmination of extensive consultations with legal experts in immigration, business, and tax, as well as immigrant serving groups and entrepreneurs. In many ways, it is the first of its kind. This guide provides a clear roadmap and helpful information for all immigrant New Yorkers interested in opening a business but unsure of which step to take next or even which type of business to open.

Not only is this guide a crucial tool for New Yorkers, but its publication at this time sends a strong message from the Council that immigrant New Yorkers are welcome here and that we value their many deep contributions to the City. It is my hope that this guide inspires all New Yorkers to take that next step!

In service,

A handwritten signature in black ink, consisting of the letters 'CJ' followed by a long horizontal stroke.

New York City Council Speaker
Corey Johnson

A Message from the Executive Directors

For more than 150 years, New York has been a wellspring of opportunity for immigrants. And they in turn continue to power its economy. Immigrants make up a quarter of New York's labor force and contribute billions of dollars in local revenue. But immigrants don't just drive New York's labor force, they actively shape it: More than 83,000 New York City business owners are immigrants, making up the majority of all small business owners.

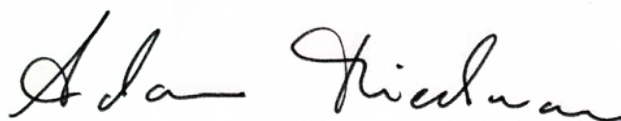
The New York Immigration Coalition and Pratt Center for Community Development are proud to offer this guide as an approachable resource to assist immigrants starting and maintaining a successful business. There is a vast network of community-based groups, incubators, small business services, and legal providers who provide crucial services to entrepreneurs, but many find that available materials use inaccessible language. This is an issue for all entrepreneurs but especially for immigrants given the language and cultural obstacles they face.

This guide begins to address some of the unique barriers faced by immigrants by providing accessible information in multiple languages. This educational resource will assist community partners who are working on the ground to provide critical supportive business services for immigrant communities. Supporting immigrant entrepreneurship and the jobs they create is vital to New York's overall economic development and will lead to greater opportunities for all New Yorkers.

Sincerely,



Steve Choi
Executive Director
New York Immigration Coalition



Adam Friedman
Executive Director
Pratt Center for Community Development

STARTING A BUSINESS? WHAT YOU NEED TO KNOW!

How to Use this Guide

Immigrant entrepreneurship is the backbone of this country's economy. In New York State, immigrant business owners account for 33.8% of all self-employed residents, contributing \$7.2 billion in business income.¹ While immigrants are more than twice as likely as U.S.-born citizens to start a business, there are few resources specifically dedicated to assisting immigrant business owners.²

This guide has been developed for all aspiring and current immigrant entrepreneurs, regardless of immigration status, to help you understand your options for starting and operating your own business in New York State. This guide is provided as an overview and includes information to help you decide which type of business structure is right for you, what the requirements are for forming your business and some of the fees and taxes to expect so that you can stay open for business.

This guide does not cover requirements such as licenses or permits that may be required for a specific industry or profession. **This guide does not provide legal or tax advice.** Immigrant entrepreneurs are strongly encouraged to seek legal advice regarding their individual immigration, business, or tax requirements and restrictions. For more information, consult the resources section of this guide. The information in this guide is current as of October 2018 and will not be updated.

1. "Immigrants in New York" (October 4, 2017) American Immigration Council. www.americanimmigrationcouncil.org/research/immigrants-in-new-york

2. "The Economic Case for Welcoming Immigrant Entrepreneurs." (September 8, 2015) Kauffman Foundation.

www.kauffman.org/what-we-do/resources/entrepreneurship-policy-digest/the-economic-case-for-welcoming-immigrant-entrepreneurs

Getting Started

Independent contractor vs. Employee? (and why it matters)

Many immigrants face barriers to pursuing well-paid employment in the United States. Business ownership may provide immigrants with the opportunity to advance economically. Specifically, if you are not authorized to work in the U.S. as an employee, starting your own business may help you earn a living.

It is illegal for an employer to hire someone they know is not authorized to work in the United States. Every employer is required to verify that an employee is authorized to work by:

- ▶ completing Form I-9
- ▶ examining the employee's identification documents (such as social security number, green card, passport, etc.)

There is no specific federal or New York State law that prohibits an immigrant without work authorization from owning a business, or from being a self-employed entrepreneur. A self-employed entrepreneur is sometimes referred to as an "independent contractor." Independent contractors are not always required to fill out a Form I-9 for their clients when they begin a new contract. If you form a business as a separate legal entity as described in this guide, the legal entity itself can conduct business, including providing goods and services and entering into contracts.

As a practical matter, many immigrants are able to earn a living by starting a business regardless of immigration status. It is very important that as an entrepreneur, you comply with the laws that apply to the operation of your business, including paying taxes. You should also understand that starting a business requires submission of documents to government authorities and banks, does not prevent deportation from the U.S. and does not offer a route to legal status. However, in some cases, judges in immigration proceedings may look favorably on business ownership and payment of taxes.

How to tell if you are an independent contractor

It is difficult to determine whether you are an independent contractor or an employee and you should always seek legal advice regarding your own specific circumstances.

Independent contractors are in business for themselves and offer goods or services to their clients. The more that you, and not your clients, control how you provide goods or services and the financial aspects of your business, the more likely it is that you will be considered an independent contractor and not an employee of your client(s). On the next page you will find some example checklists comparing employee vs. independent contractor status.

If you set up a separate legal entity for your business, the legal entity itself can provide the goods or services to clients. In general, you will likely **not** be considered an employee **if you both own and control your business**. For this reason, it is recommended that entrepreneurs who do not have work authorization:

- ▶ own all or a substantial part of their business, and
- ▶ control the operation of their business.

Employee or Independent Contractor?

I work as a housekeeper and provide my services to various clients. I have a website that describes the cost of the services I provide. I am paid for my service, not an hourly wage. Clients can request my services by making an appointment online or by phone. Clients provide their own cleaning supplies and equipment.

I work as a housekeeper for one family Monday through Friday from 8 am to 4 pm. I negotiated my way to \$15 an hour and I negotiate a raise every year to keep up with the cost of living. The family I work with provides all the cleaning materials and supplies. They leave me a note with instructions on what needs to get done on any given day. On weekends I sometimes work for other families to make some extra cash.



Housekeeper A



Housekeeper B

Keep place of business



Significant investment in your own facility, materials, equipment, supplies and tools



Assume financial risk for profit or loss



Set or negotiate your own pay rate



Can choose to hire your own help



Are free to refuse work offers



Can offer services to other clients



Controls how, when and where work is done



I am an
EMPLOYEE

I am an
INDEPENDENT
CONTRACTOR

Employee or Independent Contractor?

I am an accountant for a company when they are in need of my services. When the company needs me they determine what days I am going to work and for how long. I am paid when the service is completed and not an hourly wage. When I need to get paid I send the company an invoice. I work for many other companies doing similar accounting work. I work from my home office and use my own work computer.

I work 30 hours a week, part-time for a company as an accountant and I get a weekly salary. I usually work from home using my own computer. If I want to, I can sign-up for health benefits with the company I work for. Sometimes I take job offers from other small companies when I am not working for this company.



Accountant A



Accountant B

Keep place of business	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Significant investment in your own facility, materials, equipment, supplies and tools	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assume financial risk for profit or loss	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Set or negotiate your own pay rate	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Can choose to hire your own help	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Are free to refuse work offers	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Can offer services to other clients	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Controls how, when and where work is done	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	I am an EMPLOYEE	I am an INDEPENDENT CONTRACTOR

Tips for Choosing a Business Structure

Now that you have determined to start a business, you will need to figure out what type of business is right for you! This section provides information on the different options you have for structuring your business.

Some business structures have complex rules and filing requirements with higher start-up costs. Other businesses may be easier to form, with little to no paperwork or minimal fees, but the business owner has greater financial risk. In order to choose the best business structure for your needs, it is important to understand some basic concepts about business forms in New York State.

Protecting Your Personal Finances

A business can be a legal entity that is separate from the business owner. A legal entity like a person, has the legal capacity to enter into agreements or contracts, can obtain credit and owe debts, can sue and be sued, and be held responsible for its actions.

When your business is a separate legal entity you can have **limited personal liability**. Your liability for the debts of the business is generally limited to your personal investment in the business. If your business is a separate legal entity and it is sued, your personal assets such as your house or your car, are generally safe from being seized to cover claims against the business. Another benefit of operating a business through a separate legal entity is that the entity itself can legally do business even if the owner is not authorized to work or is operating the business from outside the U.S.

In this guide, we summarize the costs and benefits of the following types of legal entities that can be formed in New York State to limit personal liability: Limited Partnership, Limited Liability Company and Corporation.

To benefit from the **limited liability** of a separate legal entity for your business:

- ▶ make sure to keep your personal assets separate from your business assets
- ▶ open a separate bank account for your legal entity
- ▶ use the name of the legal entity in contracts and advertising (rather than your name)
- ▶ obtain a separate tax ID number (EIN) and file separate tax returns for your legal entity when and where required.



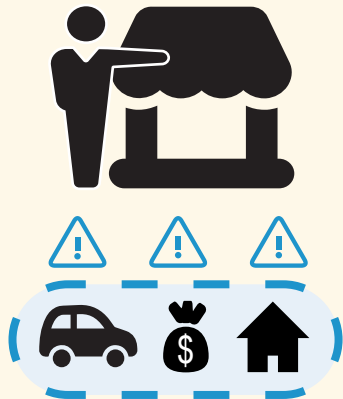
What is an ITIN?

When you generate income you are obligated to pay taxes. An Individual Taxpayer Identification Number (ITIN) is issued by the Internal Revenue Service (IRS) to people who are not qualified to receive a social security number but must file taxes. If you have a social security number (SSN) you are not eligible for an ITIN. Even if your work authorization expires, your SSN always remains valid for the purpose of filing taxes. You can also use an ITIN to receive many financial services including accessing credit or opening a bank account, regardless of your immigration status. For more information check out the [Your Money, Your Future! A Basic Guide for Financial Education and Empowerment](#), a resource to help immigrants understand personal finance options.

What is an EIN?

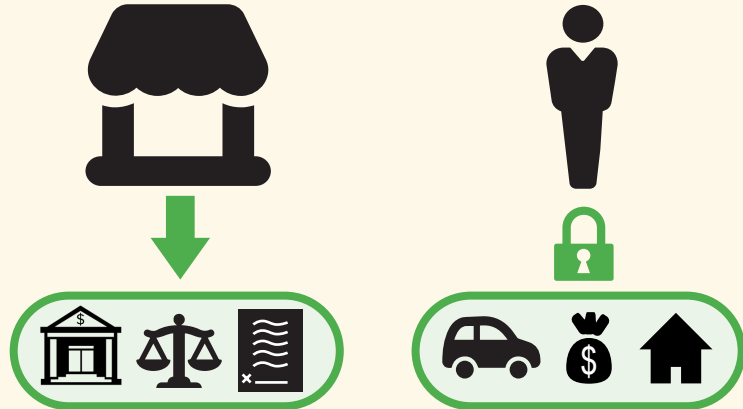
For federal and New York State tax purposes, any business that has employees must obtain an Employer Identification Number (EIN). Corporations and most limited liability companies (LLCs) must obtain an EIN. Typically, banks require an EIN in order for a business to open a bank account. In order to obtain an EIN, a business may submit Form SS-4 (“Application for Employer Identification Number”) to the IRS or apply by phone or online.

When you and your business are one legal entity



...your personal assets are at risk.

When your business is a separate legal entity...



your business can take out loans, sue and enter into contracts.

And your personal assets are safe!

Understand Your Business Tax Obligations

Regardless of immigration status, anyone earning income in the U.S. must pay taxes to the federal, state and local government. Tax requirements depend on a whole host of factors that include whether you are filing as a single or married person, the amount you earn per year, and where you reside within New York State.

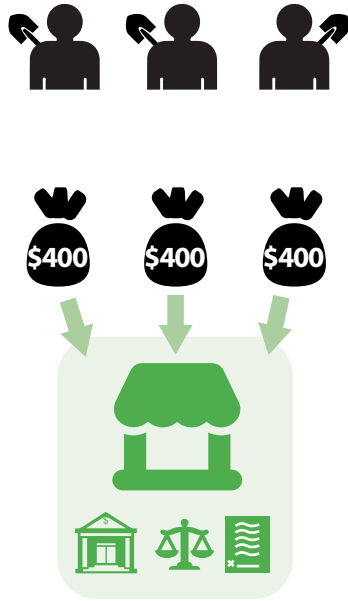
Generally, the simpler your business structure is the simpler your tax requirements may be. There are some business structures that allow you to report income earned from your business on your personal income tax return, which can make tax preparation easier for business owners.

Please note that this guide is not intended to provide tax advice. Immigrant entrepreneurs are encouraged to seek tax advice from a qualified tax professional. The resources section also references organizations that may be qualified to assist you with tax questions regarding your business.

A Tale of Two Businesses

Limited Liability Company*

Three friends start a landscaping business together. They register their business as a Limited Liability Company (LLC). Their LLC is a separate legal entity.

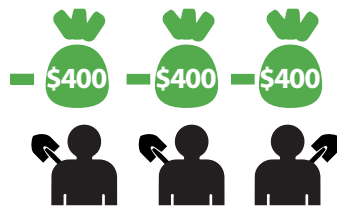


Each member invests \$400 for start-up costs and the company receives a **business loan** from a bank.

The business is unsuccessful and closes after a few months with \$8,000 in debt.



The loss is limited to the \$400 each member of the limited liability company contributed and any other assets of the business.



The business owners are not personally liable for the debts of the LLC and their personal assets are safe.

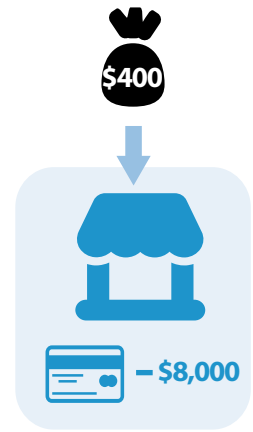


Sole Proprietor

A sole proprietor starts her own landscaping business. She and her business are considered one legal entity under the law.



She invests \$400 of her savings and takes out a **personal** credit card to buy equipment for her new business.



The business is unsuccessful and closes with \$8,000 in credit card debt.



The sole proprietor has lost the \$400 she invested and is now responsible for paying back the \$8,000 credit card debt plus interest.



If she does not pay the debt back, the credit card company will come after her personal assets to pay off the debt, including her car, house and personal savings!



*We refer to an LLC in this example, but other types of legal entities discussed later in this guide also limit personal liability.

SIX COMMON BUSINESS STRUCTURES

There are six common types of business ownership models in New York State that are relevant for immigrant entrepreneurs. They include the following:








- **Sole Proprietorship**
- **General Partnership**
- **Limited Partnership**
- **Limited Liability Company (LLC)**
- **Corporation**
- **Worker Cooperative**

This guide provides an overview of the first five business structures. A cooperative can be established by partnerships, LLCs, or corporations. Because of its special structure, this guide does not go into detail on business requirements and obligations for a cooperative. For more information on cooperatives, see the resources section.

Sole Proprietorship

A Sole Proprietorship is the simplest business structure you can use to operate a business and the easiest one to form. You may already be a sole proprietor if you have provided services or sold goods even without filing any paperwork with the government. Startup costs are low because you don't have to pay fees or submit forms as is required for other business structures. You report business income on your personal tax return, so tax preparation is relatively simple.

Sole Proprietorship Summary

 # of owners	1 owner	The individual is the sole business owner.
 Start-up	Easiest to start	Formed once you start conducting business activities.
 Fees/Forms	None or minimal	<i>(Optional)</i> Normal filing fee, which varies by county, for Assumed Name Certificate if the business name is different from the owner.
 Tax Prep	Simpler	You report business income on your personal income tax return.
 Liability	High personal financial risk	Business owner is responsible for all the debts and obligations of the business, and personal assets are at risk.
 Ongoing Requirements	No ongoing renewals/filings	You don't have to submit any additional filings to any government agencies to maintain a sole proprietorship.
 Good for	Electronic repair services, landscapers, housekeepers, tutors, writers and artists	

General Partnership

A general partnership works well for two or more business owners who are looking to share financial liability or risk and make business decisions together. This works for business owners who trust one another because each partner is responsible for the decisions made by other partners.

Like a sole proprietorship, there is little to no paperwork to form a general partnership. You may already be in a general partnership if you have engaged in business activities with another individual and held yourselves out as partners in business. It is highly recommended that partners develop a partnership agreement, an important document that explains what each partner's rights and responsibilities are, how much each partner invests, and how partners solve problems. Unless there is a partnership agreement that states otherwise, all profits and losses will be divided equally among the partners. **You should seek legal assistance in developing a partnership agreement.**

As is the case with a sole proprietorship, personal assets are not protected in a general partnership, and the personal assets of one partner can be at risk as a result of poor decision-making by the other partner.









Partnership Agreements

A partnership agreement is an important document that states what each partner's rights and responsibilities are with regards to the business. Partnership agreements are strongly suggested for general partnerships and are required for limited partnerships. A partnership agreement answers the following questions:

- ▶ How much is each partner investing?
- ▶ What are the responsibilities of each partner?
- ▶ How will the partners make decisions?
- ▶ How will the partners share profits and losses?
- ▶ How will the partners resolve conflicts?
- ▶ What happens when a partner decides to leave the business or sells her/his interest in the business?

General Partnership Summary

 <p># of owners</p>	<p>2+ owners</p>	<p>Partners own the business.</p>
 <p>Start-up</p>	<p>Easiest to start</p>	<p>Formed once you conduct business activities.</p>
 <p>Fees/Forms</p>	<p>None or minimal</p>	<p><i>(Optional)</i> Normal filing fee, which varies by county, for Assumed Name Certificate if the business name is different than the owner. A Partnership Agreement is strongly recommended.</p>
 <p>Tax Prep</p>	<p>Simpler</p>	<p>Partners report business income on their personal income tax return. An informational return for the partnership should also be filed.</p>
 <p>Liability</p>	<p>High personal financial risk</p>	<p>Each partner may be held personally liable for the actions of the other partners. Personal assets are at risk.</p>
 <p>Ongoing Requirements</p>	<p>No ongoing renewals/filings</p>	<p>You don't have to submit anything to the government to maintain legal status of your business.</p>
 <p>Good for</p>	<p>Family Businesses • Partners who have long-standing relationships and trust each other.</p>	

Limited Partnership

In a limited partnership, there are two kinds of owners, a general partner and a limited partner. A **general partner** operates the same way as an owner who has a sole proprietorship or general partnership in that they manage the business of the limited partnership, make deals, make decisions and act on behalf of the partnership.

A **limited partner** is a passive investor. They invest money and receive their portion of the profits but they cannot manage the day-to-day operations of the business or act on behalf of the partnership. Unlike general partners, the personal assets of a limited partner are protected. The limited partners' liability is limited to the money invested into the business.

A limited partnership requires more work to start than a sole proprietorship or general partnership because you have to file paperwork with the New York Department of State (DOS) and pay the associated fees. This business structure is good for owners who have investors who do not want to run the business or be held responsible for the general partner's business decisions. The terms of the limited partnership must be documented in a Partnership Agreement (see page 17).



Newspaper Announcement

Limited Partnerships and Limited Liability Companies are required to publish the establishment of their business in two separate newspapers for six consecutive weeks. Depending on the county, newspaper publication costs may become expensive.








General Partner

- ▶ Invests money and receives their portion of the profits
- ▶ Manages the business and makes decisions
- ▶ Acts on behalf of the partnership
- ▶ Personally liable for the debts of the business. (A business owner can form a separate legal entity to serve as the General Partner to provide limited liability, but this adds complexity.)

Limited Partner

- ▶ Invests money and receives their portion of the profits
- ▶ Does not manage the business
- ▶ Cannot act on behalf of the partnership
- ▶ Personal assets are protected. Financial risk is limited to the initial investment.

Limited Partnership Summary

 <p># of owners</p>	<p>2+ owners</p>	<p>There are two kinds of owners and at least one of each is needed: a general partner and a limited partner.</p>
 <p>Start-up</p>	<p>Requires more effort to start</p>	<p>Documents required for formation:</p> <ul style="list-style-type: none"> ▶ Certificate of Limited Partnership ▶ Certificate of Publication & Affidavits of Publication (after the newspaper publication)
 <p>Fees/Forms</p>	<p>Moderately expensive</p>	<p>\$200 filing fee, \$50 Certificate of Publication filing fee, and \$600-\$1,200 typical cost of newspaper publication. A partnership agreement is required.</p>
 <p>Tax Prep</p>	<p>Simpler</p>	<p>You report business income on your personal income tax return. An informational return for the partnership should also be filed.</p>
 <p>Liability</p>	<p>High personal risk for general partners</p>	<p>Each general partner is personally responsible for business debts. Limited partner's liability is limited to what they invest into the business.</p>
 <p>Ongoing Requirements</p>	<p>Yes</p>	<p>A written partnership agreement is required and must be signed by the general partners.</p>
 <p>Good for</p>		<p>Entrepreneurs who have partners who want to invest but do not want to be involved in decisions or to have personal liability.</p>

Limited Liability Company

The Limited Liability Company (LLC) offers limited liability or lower personal financial risk, a big advantage over the sole proprietorship and partnership structures. Under the law, the business is a separate legal entity from the business owner(s) and all of the owner(s) obtain protection of their personal assets. In order to maintain limited liability, the owners should open a separate bank account for the LLC, invest a sufficient amount in the LLC for it to pay its own expenses, not mix their personal assets with the business assets and not use LLC funds for personal expenses.

Owners, known as members in an LLC, can choose to manage the business themselves or designate managers to run the business. Managers can be considered employees and as a result would have to be authorized to work. **The law in this area is uncertain, so individuals not authorized to work should seek legal advice before being designated as a manager of an LLC even if they are also owners of the LLC.**








The members of an LLC can choose how the LLC will be taxed when it is formed. Unless a filing is made with the IRS electing to have the LLC taxed like a corporation, owners will likely report business income on their personal tax returns. **Members of an LLC should seek advice from a tax expert regarding their options.**



Operating Agreement

An operating agreement is an important document used by LLCs that determines the rights, powers, and responsibilities of its members, managers, employees or agents. The Operating Agreement may be entered into before, at the time of, or within 90 days after the filing of the Articles of Organization.

Limited Liability Company Summary

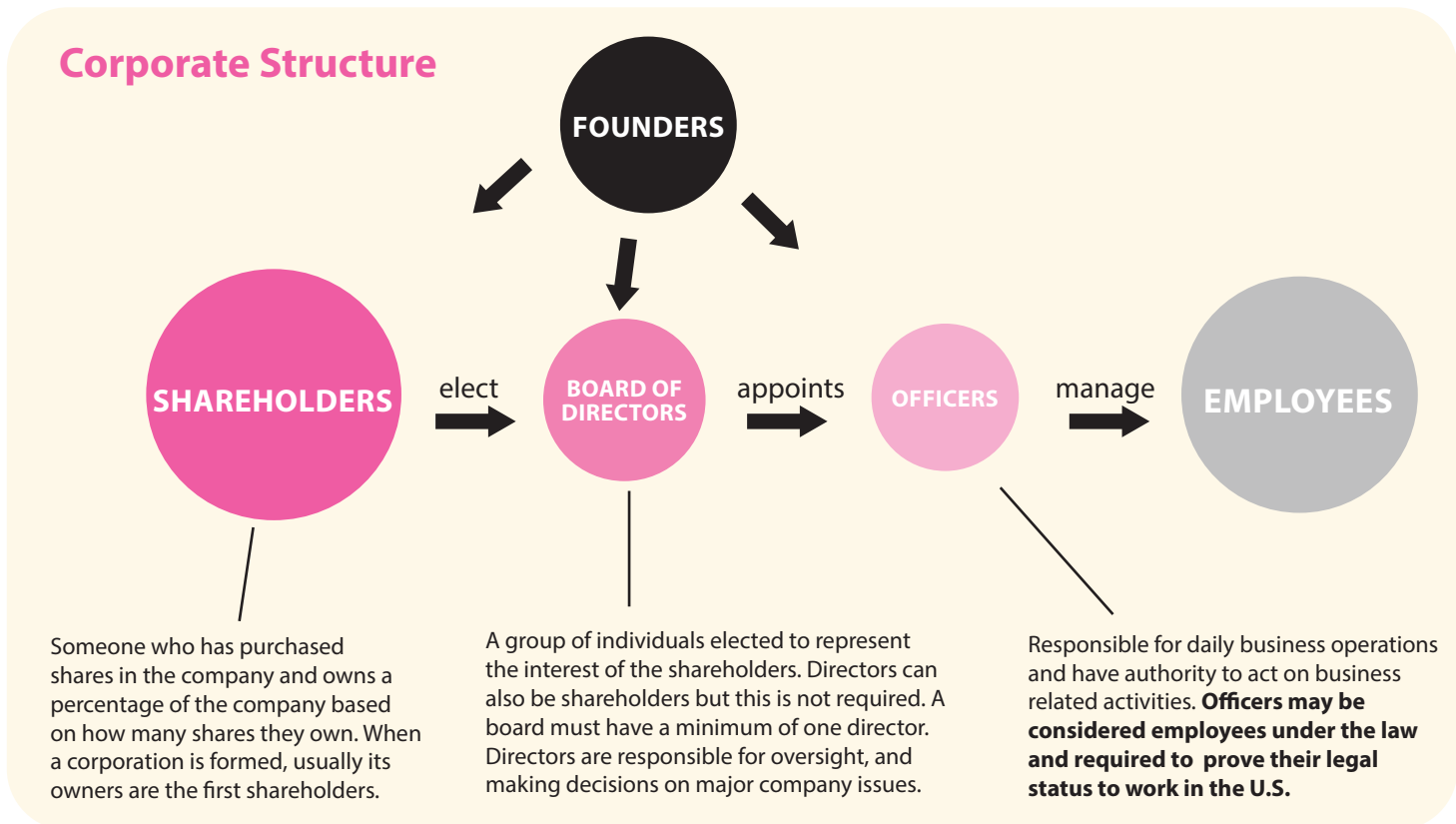
 <p># of owners</p>	<p>1 + owners</p>	<p>LLCs can have one member-owner or many members who own the LLC.</p>
 <p>Start-up</p>	<p>Requires more effort to start</p>	<p>Documents required for formation:</p> <ul style="list-style-type: none"> ▶ the Articles of Organization ▶ the Certificate of Publication & the Affidavits of Publication (after the required newspaper publication)
 <p>Fees/Forms</p>	<p>Expensive</p>	<p>\$200 filing fee for Articles of Organization, \$50 filing fee for Certificate of Publication, and \$600-\$1,200 typical cost of newspaper publication. An operating agreement is required.</p>
 <p>Tax Prep</p>	<p>Moderately complex</p>	<p>An LLC has many different options based on the business structure and number of members.</p>
 <p>Liability</p>	<p>Low liability / financial risk</p>	<p>The business is a separate legal entity from the business owner(s). Owners have limited liability and are only financially liable up to the amount invested in the business.</p>
 <p>Ongoing Requirements</p>	<p>Yes – ongoing record keeping requirements</p>	<ul style="list-style-type: none"> ▶ Adopt an Operating Agreement within 90 days of filing the Certificate of Organization. ▶ <i>(Optional)</i> Conduct meetings of its members/managers ▶ Keep records of certain LLC and tax documents ▶ Every 2 years file a Biennial Statement to confirm/update address
 <p>Good for</p>		<p>Owners who want to keep their personal savings and finances separate from their business and can manage the ongoing requirements.</p>

Corporation

A corporation is usually used for large businesses with many owners because it offers the ability to issue shares. A share represents an ownership interest in the corporation. Forming a corporation requires a significant amount of paperwork and has significant ongoing costs and legal requirements.

Each corporation must have by-laws, a board of directors, and officers. After the corporation is formed, the shareholders must hold an organizational meeting to adopt the by-laws and elect directors. A corporation is not an ideal business structure for an entrepreneur starting up a small business. An LLC offers all of the benefits of a corporation for a small business owner with less complexity, more flexibility and easier maintenance.







Further, the corporate structure is generally riskier for an immigrant entrepreneur who is not authorized to work. If the entrepreneur is operating the business as an officer of the corporation, or is being paid salary by the corporation, they will likely be considered to be an employee. To ensure that your business is formed and operated in accordance with all applicable laws, including state and federal tax laws, be sure to obtain legal advice and counsel when developing your business plans. The tax treatment of corporations is complex and beyond the scope of this guide.



Corporation Summary

 <p># of owners</p>	<p>1 + owners</p>	<p>Corporations usually have many owners, known as shareholders, but can also be formed with just one shareholder.</p>
 <p>Start-up</p>	<p>Requires much effort to start</p>	<p>After filing a Certificate of Incorporation an organizational meeting must be held to adopt the required by-laws and elect the board of director(s).</p>
 <p>Fees/Forms</p>	<p>Very expensive</p>	<p>\$125 filing fee for Certificate of Incorporation is required to start a corporation. A corporation will likely result in significant costs for legal and/or accounting fees.</p>
 <p>Tax Prep</p>	<p>Very complex</p>	<p>Business owners are encouraged to consult a tax professional to understand the tax obligations.</p>
 <p>Liability</p>	<p>Very low liability / financial risk</p>	<p>The business is a separate legal entity from the business owner(s). Owners' liability is limited to their financial investment in the business.</p>
 <p>Ongoing Requirements</p>	<p>Yes – stringent ongoing requirements</p>	<ul style="list-style-type: none"> ▶ Annual & special shareholder meetings ▶ Regular & special Board of Director(s) meetings ▶ Keep minutes & records for corporate, tax documents ▶ Every 2 years file a Biennial Statement to confirm/update address
 <p>Good for</p>	<p>Large businesses with many owners who need a lot of investment and want to issue and sell shares.</p>	

A Quick Comparison - What business structure is right for you?

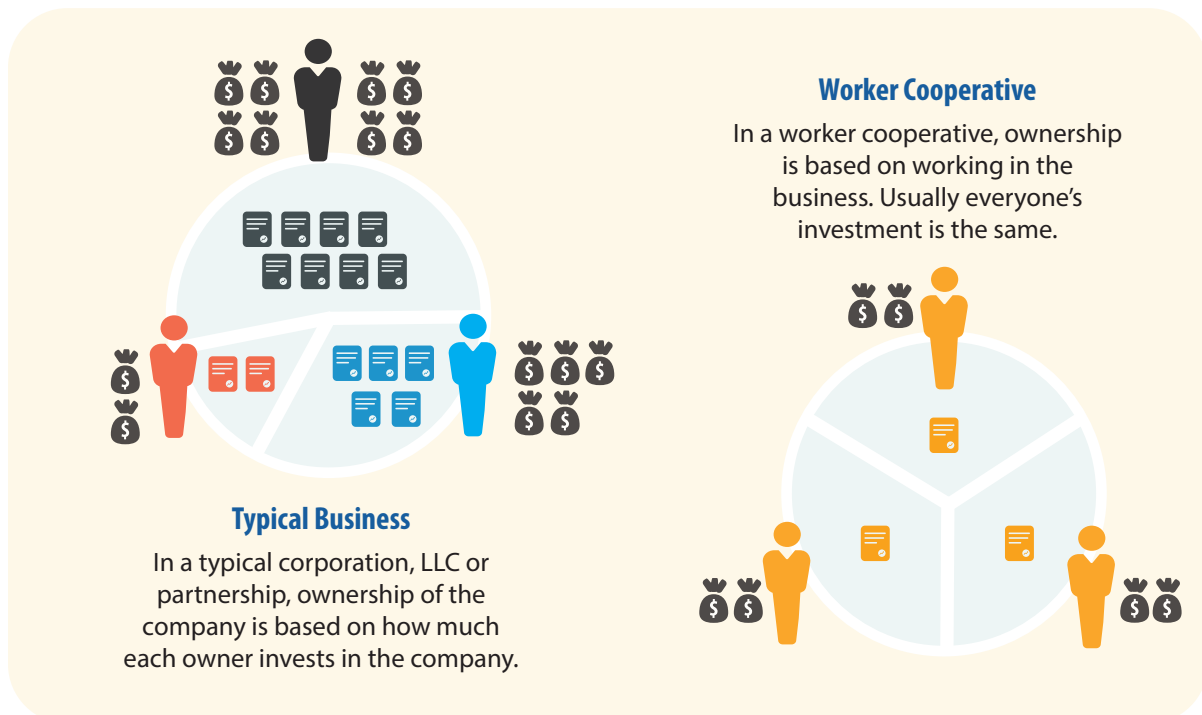
	Sole Proprietorship	General Partnership	Limited Partnership	Limited Liability Company	Corporation
 # of owners	1 Owner	2+ Partner(s)	2+ General & Limited Partners	1+ Member(s)	1+ Shareholder(s)
 Start-up Process	Easy ●	Easy ●	Moderately Difficult ●	Moderately Difficult ●	Very Difficult ●
 Fees/Forms	None/Minimal ●	None/Minimal ●	Moderately Expensive ●	Moderately Expensive ●	Very Expensive ●
 Tax Prep	Simpler ●	Moderate ●	Moderate ●	Moderate to Complex ●	Very Complex ●
 Personal Liability	High ●	High ●	High for General Partners ●	Limited ●	Limited ●
 Ongoing Requirements	None ●	None ●	Some ●	Some ●	Extensive ●

Worker Cooperative

A worker cooperative is an innovative business model where workers own and manage a business. Workers usually make initial monetary contributions to a cooperative to become a member and as a result receive a proportional share of the profits. In this model, each worker has the same voting power in regards to important business decisions such as approval of loans, contracts and accepting new members.

A cooperative can be established by any of the business structures previously described in this guide including partnership, LLC, or corporation. Usually, cooperatives use the LLC structure because it is flexible and requires lower costs to form and maintain than a corporation and it is ideal for a larger amount of owners than partnerships. An LLC cooperative offers limited liability for members. Cooperatives may help protect immigrants without legal status from being exploited through wage theft or other abuses when working individually.

[New York State has a special Worker Cooperative Corporation Law](#) developed with special status and rules related to membership, shares and the distribution of profits and losses. For more information, please visit the resources section of this guide.



Definitions

Affidavit

A written and signed statement that is verified by someone who is allowed to under the law, such as a notary.

Board of Directors

A group of individuals elected to represent the shareholders in a corporation and provide the general oversight of the business and make major decisions.

Client

A person or business receiving services from an independent contractor.

Entrepreneur

A person who organizes and operates their own business.

Employer

A person or business responsible for the wage and employment status of another person.

Individual Taxpayer

Identification Number (ITIN)

A number issued by the Internal Revenue Service to people who do not qualify for a social security number but who need to pay taxes.

Internal Revenue Service (IRS)

The federal government agency that is responsible for collecting federal taxes.

Liability

The amount of legal or financial responsibility or risk associated with a business.

Member

In an Limited Liability Company (LLC) owners are referred to as members.

Officers

Officers run the day-to-day operations of a corporation. Appointed by the Board of Directors, officers may also be the founders/owners and certain employees of the corporation.

Partnership

A business structure where two or more individuals own the business. In a general partnership, partners share management responsibilities and profits and losses of the business. In a limited partnership some partners manage the business and some partners only invest in the business but all partners are business owners.

Proprietor

The business owner.

Shareholders

A shareholder is someone who has purchased shares in a company or corporation. Shareholders own the proportional share of their investment of the corporation.

Important Documents

Articles of Organization

A document that outlines the name of the limited liability company (LLC), the county and address that is required to form an LLC. The LLC is formed at the time of the filing of the Articles of Organization or at any later time specified in the Articles of Organization, not to exceed 60 days from the date of the filing.

Filed with the Department of State

▶ **Limited Liability Company**

Biennial Statement

Every two years NYS LLCs and corporations are required to file a Biennial Statement and pay a filing fee of \$9 to confirm or update business address.

Filed with the Department of State

▶ **Limited Liability Company** ▶ **Corporation**

By-laws

A written document that says how the corporation will operate. This information includes how directors are elected, how meetings are conducted, and what are the rights, duties and powers of shareholders, directors and officers.

A copy must be kept by the Corporation.

▶ **Corporation**

Certificate of Assumed Name

A form only required when the business name is different from the business owner.

Filed with the County Clerk

▶ **Sole Proprietorship** ▶ **General Partnership**
▶ **Any entity that operates under a different name from its legal name**

Certificate of Incorporation

A document that specifies the name and address of a corporation. The corporation's existence either begins on the date of filing of the Certificate of Incorporation or on a later date (within 90 days of the filing date) specified in the Certificate of Incorporation.

▶ **Corporation**

Certificate of Limited Partnership

A form that lays out the names and information of the partners entering into a limited partnership agreement.

Filed with the Department of State

▶ **Limited partnership**

Certificate of Publication

Form you submit with affidavits to state you have complied with the newspaper publication requirements for starting a limited partnership or LLC (see pages 19 and 22). The Certificate of Publication must be filed within 120 days after the filing of the Certificate of Limited Partnership or Articles of Organization.

Filed with the Department of State

▶ **Limited Partnership**

▶ **Limited Liability Company**

I-9, Employment Eligibility Verification form

A form required for all employees to prove they can legally work in the United States. Your employer must receive an I-9 Form and make it available for inspection by authorized U.S. government officials.

Operating Agreement

Determines the rights, powers, preferences, limitations or responsibilities of its members, managers, employees or agents. The Operating Agreement may be entered into before or within 90 days after the filing of the Articles of Organization.

A copy must be kept by the LLC

▶ **Limited Liability Company**

Partnership agreement

Recommended for a general partnership and required for a limited partnership, it establishes and proves the arrangements, rights and obligations among the business partners.

▶ **General Partnership** ▶ **Limited Partnership**

Resources

NY State Government Agencies:

Department of State, Division of Corporations, State Records, and UCC

www.dos.ny.gov/corps/

Information about and templates of forms and other legal documents that may be required to open or expand a business in New York State.

Empire State Development, Entrepreneurial Assistance Program

esd.ny.gov/entrepreneurial-assistance-program

The Entrepreneurial Assistance Program (EAP) establishes EAP centers in local communities throughout New York State to provide instruction, training, technical assistance and support services to individuals who have recently started their own business or are interested in starting a business.

Office of New Americans (ONA)

1-800-566-7636

www.newamericans.ny.gov/business

The Office of New Americans has 27 opportunity centers throughout New York State to provide immigrants with educational and economic resources including small business assistance.

Small Business Development Center (SBDC)

1-800-732-7232

www.nysbdc.org/

Through a network of 24 regional centers, the New York State Small Business Development Center (NYS SBDC) delivers high-quality, free or low-cost business counseling and training to New Yorkers who want to start a business or improve the performance of an existing business, free of charge.

NYC Government Agencies:

Department of Consumer Affairs, Office Financial Empowerment

www.nyc.gov/site/dca/partners/financial-empowerment.page

Financial education and counseling aimed at the empowerment and protection of low income New Yorkers who want to build their assets and make the most of their financial resources. Includes information about safe and affordable mainstream banking and access to income-boosting tax credits.

Small Business Services (SBS)

<https://www1.nyc.gov/nycbusiness/>

Free courses, workshops, advice, and assistance for entrepreneurs interested to form, operate, or grow a business in New York City.

SBS Immigrant Business Initiative

www1.nyc.gov/nycbusiness/article/immigrant-business-initiative

SBS offers business courses, financing assistance, pro-bono legal services, and more in multiple languages throughout New York City at no cost.

NYC Organizations:

Brooklyn Public Library, Small Business and Entrepreneur Services

www.bklynlibrary.org/business/small-business

Various locations throughout Brooklyn Resources, workshops, classes, and one-on-one assistance in English, Spanish, Russian and Kreyol on starting, running, and growing a business.

Business Outreach Center Network (BOCNET)

www.bocnet.org

Micro-enterprise, small business development organization providing customized business services in the Bronx, Brooklyn, Manhattan, Queens, Staten Island to underserved communities, including small business loans, home-based child care, 'Business American-Style' workshops, and the Refugee Micro-Enterprise Project.

CAMBA Small Business Services

718-287-2600

www.camba.org

One-on-one consultations, small business workshops, business counseling, linkages with other small business development partners, and business loans.

Community Development Project, The Legal Aid Society

212-426-3000

www.legalaidnyc.org/civil-practice-pro-bono-projects

Conducts trainings for advocates & client-eligible populations throughout the 5 boroughs. Topics include starting a small business, signing a commercial lease, protecting business and personal assets. Trainings are in English & Spanish.

Resources

Center for Urban Pedagogy (CUP)

www.welcometocup.org

Publication of brochures and booklets to demystify complex policies and processes, including [A Guide to Worker Co-Ops in NYC](#).

Hebrew Free Loan Society

www.hfls.org/loan-programs/microenterprise/

Interest-free microenterprise loans to low- and moderate income residents of New York City, Long Island, and Westchester to launch or expand a business.

Neighborhood Entrepreneur Law Project, NYC Bar Justice Center

212-382-6633 (main)

212-626-7383 (free legal hotline)

nelp@nycbar.org

Legal services for low- to moderate income micro-entrepreneurs to start a business, including tax issues, contracts and agreements, commercial lease negotiations, copyrights, trademarks, and patents.

Renaissance Economic Development Corporation

www.renaissance-ny.org

A Community Development Financial Institution dedicated to transforming immigrant, low- and middle-income communities in NYC by providing low-interest business loans and entrepreneurial training programs.

Volunteers of Legal Services

347-521-5729

www.volspbono.org/projects/microenterprise-project

Helps small business owners and microentrepreneurs access high-quality, free legal services from dedicated staff and a network of pro bono lawyers.

NYC Cooperative Resources:

Green Workers Coop

www.greenworker.coop

Offers an intensive 5-month long training and support program that helps teams of aspiring entrepreneurs develop worker-owned green businesses and utilizes an aggressive combination of training, coaching, and technical services.

New York City Network of Worker Cooperatives (NYC NOWC)

212-390-8178 (hotline)

www.nycworker.coop

Leadership development, training, workshops, business support, and technical assistance on worker cooperatives and cooperative business skills.

Workers Justice Project - Make The Road New York

347-889-6347

www.workersjustice.org

An immigrant rights organization among other issues works for the creation of sustainable jobs through the development, support and promotion of worker-owned cooperatives.

Online Tools:

New York Business Express

www.businessexpress.ny.gov

Helps guide you through your business and professional requirements. Fill out questionnaire and the Business Wizard will provide you with a list of everything you need to start your business.

NYC Business Portal

www1.nyc.gov/nycbusiness

Step-by-step questionnaire

Fill out a step-by-step questionnaire and receive a customized list of city, state and federal licenses and permits you may need to start and operate your business based on the industry you work in.

Incentive Estimator

Fill out a questionnaire and receive a list of potential government incentives and tax credits your business may qualify for.

