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## **BUSINESS ENTITY SELECTION AND FEDERAL TAX CHOICE**

### Checklist of considerations:

1. May need more than one business entity and their relationships therein
2. Members
3. Managers
4. Non-tax choice of entity
5. Choose state
6. Choose federal tax scheme
7. Social Security tax issues
8. Multi state tax plan
9. Joint legal representation
10. Capital accounts-member contributions of money, property (buildings, machines, parts, patents, etc.), and labor.
11. Nature of the goods and / or services offered-high risk-low risk
12. Members outside financial assets
13. Members outside liabilities

### Goals of Operating Agreement; (\* most important)

1. Member / manager obligations, duties, responsibilities \*
2. Member / manager fiduciary (disclosure & good faith) responsibilities to one another \*
3. Controlling entry & exit of members-voluntary / involuntary \*
4. Safeguarding trade secrets-non compete, non-solicitation
5. Optimizing taxes
6. Major decision making authority-voting rules
7. Financial reporting standards
8. Financial distributions to members
9. Dispute resolution

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