Legal Structures, Licenses and Taxes

Introduction

Many entrepreneurs become confused when considering which business organization form to use for a business. There are potentially as many as nine business forms available under current Missouri law. Several of them are simply variations on basic forms. Some of the business organization forms available today are the result of recent changes in Missouri law. Not all lawyers or accountants may be familiar with what is available, or the advantages and disadvantages of each.

In addition, there are federal income tax choices that may affect which form is chosen. You, yourself, should learn as much as possible about the different business forms and the tax treatment of each in order to be able to judge better the quality of advice you are receiving. Do not hesitate to ask an advisor why a particular form is being recommended, what other options are available, and why the advisor recommends the one over others. A good advisor should be able to explain these things to you in terms you can understand. Be prepared to pay for such advice. Most professionals in this area—attorneys, accountants and business consultants—will provide a short, free consultation. If you then become a client, charges are generally based on the amount of time required or may be a flat fee for certain services.

	Sole Proprietorship	Partnership/ Registered Limited Liability Partnership	Limited Liability Company	S Corporation	C Corporation
Legal Liability	Unlimited	Unlimited for general partnership, limited for RLLP	Limited, same as RLLP or corporation	Limited	Limited
Continuity of the Entity	Limited to life of proprietor	Limited, unless provided for in partnership contract	Dissolve date	Perpetual Life	Perpetual Life
Acquisition of Capital	Limited to only what the proprietor can secure	Generally limited to what partners collectively can raise	Generally limited to what members collectively can raise	Maximum of 75 stockholders, but capital generally not raised by selling stock	Unlimited number of stockholders, but capital generally not raised by selling stock
Transfer of Interest	Easy because all assets owned by individual proprietor	Right to distributions easy to transfer; interest in assets and right to management cannot be transferred without consent of other partners	Economic rights are transferable, management rights transferable with consent of other members	Stock easy to transfer unless restricted by agreement, by articles of incorporation or by being statutory close corporation	Stock easy to transfer unless restricted by agreement, by articles of incorporation or by being statutory close corporation
Management	All management decisions by proprietor	Usually all general partners will be actively involved in management activities	Usually managed by members, but can have separate	Managed by directors, who are elected by shareholders unless statutory	Managed by directors, who are elected by shareholders unless statutory

			managers with duties as outlined by the operating agreement	close corporation has chosen to eliminate directors	close corporation has chosen to eliminate directors
Taxation of Income and Expenses	All income and expenses reported on proprietor's individual tax return	Divided among partners in accordance with investment or partnership agreement and reported on partners= individual returns	Divided among members in accordance with investment or operating agreement and reported on members= individual returns	Passed directly through to the shareholders according to the amount of stock held. Generally no income tax paid by corporation	Taxed separately at the corporate level, again at the shareholder level if distributed as a dividend
Liquidation of Entity	At the discretion of the proprietor, treated as sale of individual assets	Required upon withdrawal of a partner unless partnership agreement permits business continuation	Same as partnership	Normally a two-thirds vote of shareholders is required	Normally a two-thirds vote of shareholders is required
Major Advantages	Independence, flexibility, minimum of legal requirements	Additional management input and operational responsibilities shared, additional capital and equity available, flexibility, shared overhead means increased profits, limited liability with RLLP	Same as partnership plus limited liability without having to file annual document, can be treated as any business form for income tax purposes	Limited liability, profits taxed once, direct pass through of income and expenses to shareholder	Limited liability, can offer fringe benefits to owners and deduct them for income tax purposes
Major Disadvantages	Unlimited liability, limited life, limited management ability, limited investment potential	Unlimited liability unless RLLP, annual renewal filing to keep RLLP, limited life, relations among partners can cause problems, changes of partners or partnership agreement may be difficult	Relations among members can cause problems, changes of members or operating agreement may be difficult	Not every corporation can qualify, cannot deduct fringe benefits for owners or their families, relations among shareholders or directors can cause problems	Difficult to get assets out or to sell business without double tax, relations among shareholders or directors can cause problems

Basic Nature of the Form

Section 1.1 Sole Proprietorship—Overview

A sole proprietorship is nothing more than an individual who uses personally owned assets in a commercial transaction with another person. The assets may consist of something the proprietor has created, has purchased for resale or may be a service. A sole proprietorship is considered to be the simplest form of business organization because it requires no legal formality in order to come into existence. All that is necessary is that an individual engage in a commercial activity with some individually

owned asset. The fact that it may be necessary to obtain some sort of license in order to engage in business in a particular place has nothing to do with whether the individual conducting the business is or is not a sole proprietor.

Because a sole proprietorship is nothing more than an individual using personally owned assets in a business, everything that happens with respect to the business is treated as having been done by the proprietor. This means, therefore, that the proprietor is treated as being the owner, manager and worker in the business. If anything goes wrong, the proprietor is considered to be the one responsible and has unlimited personal liability as a result. This is true even if the proprietor has employees, as an employer is always responsible for the wrongdoings of employees when they are acting as employees of the proprietor.

Section 2.1 Sole Proprietorship—Liability Protection

A sole proprietor has full, unlimited liability for whatever happens in the business. This means the sole proprietor is liable for what the proprietor personally does wrong, whether in tort or contract, and is also responsible for any imputed liability that may arise because of things employees of the business do. Because of this unlimited liability, the personal assets of the sole proprietor are exposed to the risks of the business.

Section 3.1 Sole Proprietorship—Formation

No formal requirements must be followed in order to create a sole proprietorship. Nothing must be filed with the Secretary of State or anywhere else. All that is necessary is for an individual to engage in business alone. It may be necessary to file certain documents in order to comply with other laws, such as the filing of a fictitious name registration or getting a local business license, but these documents have nothing to do with whether you are a sole proprietor. You become a sole proprietor merely by acting like one.

Section 4. 1 Sole Proprietor—Operation

In a sole proprietorship, the proprietor performs all three functions of the business as a single person: ownership of the business assets, management, and work (even though the proprietor may hire others to do part or all of the work or management). The proprietor is not accountable to any other owners of the business for what is done in the business. As a result, operation of the business is relatively simple and informal, with little or no record keeping outside of the records normally associated with the running of a business. Taxes are relatively simple, too, because all income and expenses of the business are reported on the individual income tax return of the sole proprietor.

Section 5.1 Sole Proprietorship—Taxation

There are no special tax issues involved in starting a business as a sole proprietor. That is because you are considered to be the business for income tax purposes. The business is not considered to be a separate tax entity, as with a corporation. Nor are there other owners in the business, as there would be with a partnership or a limited

liability company. All you are required to do is to keep proper tax records of the operations of the business.

All of the income and expenses of a sole proprietorship are reported on the individual income tax return of the proprietor. This is done by attaching a schedule C, Profit or Loss From Business, to the proprietor's individual income tax return. An agricultural business would use schedule F, Profit or Loss From Farming. Whatever profit or loss there is from the business will be reported directly on the proprietor's individual return and the income tax, if any, will be paid on that return.

Section 6.1 Sole Proprietor—Business Termination

A sole proprietor owns personally the assets used in the business. If the proprietor stops running the business and simply continues to own the assets, there may be some income tax consequences, depending upon what the assets are and what kinds of deductions the proprietor may have taken before ceasing the business. If the assets are sold to someone else, the proprietor will be treated as selling each asset individually and will have to calculate gain or loss on each asset. (There is no such thing as selling the "business" if you are a sole proprietor. Because you are selling your own assets, each asset is treated as a separate sale.)

Section 1.2 General Partnership and Limited Liability Partnership - Overview

The easiest way to understand a partnership is to think of it simply as two or more sole proprietors who have decided to pool their resources in a common business activity. It is, in essence, a "collective sole proprietorship." As a result, both Missouri state law and federal income tax law treat the partnership as being made up of this collection of sole proprietors. What makes this concept complicated is that there are two sets of relationships that have to be dealt with: (1) the relationship of the business activity to the rest of the world (the external relationship) and (2) the relationship of the individual partners to each other within that business activity (the internal relationship). With a sole proprietor there was only one relationship, that of the proprietor to the rest of the world.

With respect to the external relationship, Missouri partnership law generally treats all partners as having full, unlimited liability for anything that occurs in connection with the partnership's business. This is the same result that would occur if each partner had, in fact, been a sole proprietor. Missouri partnership law also sets up the rules that govern the internal relationship of the partners to each other, but permits these rules to be changed through a written partnership agreement. To say that partners in a partnership have full, unlimited liability for anything the partnership does is not entirely true today. That is because Missouri has adopted a law permitting a form of partnership known as a "registered limited liability partnership" (RLLP). This is discussed in more detail under the topic of limited liability partnership.

Because a general partnership is nothing more than a collection of sole proprietors, there are no legal formalities required in order to bring it into existence. Instead, all that is necessary is for two or more people to pool their resources in the conduct of the business. Becoming an RLLP, however, does require certain legal formalities.

The main reason why people form partnerships is a matter of economics. A sole proprietor will be able to produce a certain amount of income and will have a certain

overhead cost. By adding another person as a partner, the income should theoretically double, while the overhead will increase at a smaller rate. Therefore, there will be more net income to divide between the two partners than either one would have been able to earn as a sole proprietor. In addition, they will be able, by pooling their resources, to give the business a stronger economic base.

Section 2.2 General Partnership—Liability Protection

Partners in a general partnership have full, unlimited personal liability for anything that happens in the partnership business, the same as sole proprietors. This means, first, that each partner is responsible for whatever that partner individually does wrong. It also means, however, that each partner has liability for what any other partner or any employee of the partnership does wrong in connection with the partnership's business. This is known as Aimputed@ liability because it is a result of what someone else has done wrong, not what you personally have done. As a general partner, therefore, you may be exposed to liability with respect to the actions of someone over whom you have no control.

In a general partnership, each partner is treated as acting on behalf of the partnership and of all the other partners whenever the partner is acting in the apparent conduct of the partnership's business. Thus, if there is a provision in the partnership agreement saying that a partner cannot do a certain thing without the consent of the other partners, such as borrow money, that provision will not prevent you as a partner from being liable to someone, even if a partner violates the partnership agreement, unless the non-partner actually knew about the limitation in the partnership agreement.

A common misconception is that each partner is responsible for any liability of any other partner. For example, if the teenage child of a partner causes an accident and the partner is sued, can the other partners be made to pay? Not if the accident had nothing to do with the partnership business. Partners have liability only for things that relate to the partnership business.

If a partner does something wrong that has nothing to do with the partnership business, none of the other partners has any liability for that. If the partnership has liability for something, that liability can be settled from the partnership assets or from the individual assets of any or all of the partners. It is not necessary for the injured party to go after only the partner responsible for the damage or to collect from the different partners in proportion to their liability under the partnership agreement.

Section 3.2 General Partnership—Formation

Because a partnership is nothing more than a collection of sole proprietors, a partnership is formed the same way as a sole proprietorship: if two or more people join together in a common business activity where they share management responsibilities and profits, they are a general partnership. Nothing has to be filed with anyone in order to create a general partnership, although the partnership may be subject to other filings in the same manner as any other business, such as a fictitious name registration. (For a general partnership to become a registered limited liability partnership, however, a registration certificate must be filed with the Secretary of State as discussed under the topic on RLLPs.)

Section 4.2 General Partnership—Operation

Because a partnership is a collection of sole proprietors, each of the partners is an owner, manager and worker (even though some of them may not actually work in the partnership business). It therefore becomes necessary to figure out how they are going to run a business on a collective basis. The first place to look for the rules is in the partnership agreement. The partners are able in it to say who will do what and how it will be done. They can set out such things as voting requirements, provide for how new partners will be admitted and old ones leave the partnership, how a partner's interest will be bought out and how the partnership will be terminated. If the partners fail to adopt a partnership agreement or do not cover all the statutory items in their agreement, Missouri partnership law provides default rules for them. Because many partnerships fail to go through with adopting formal partnership agreements, you should, if you are going to be in a partnership, familiarize yourself with the Missouri Uniform Partnership Law (UPL), as it essentially sets out the "default" partnership rules that apply when partners have failed to adopt rules themselves.

Most decisions in a partnership are, under the default rules of the UPL, made on a majority basis with each partner having one vote. This is not always desirable, especially if one partner has put in a greater share of the money or other assets. For there to be a different form of voting, or to require something to be decided by a number of partners that is different from what is required by the statute, provision must be made in the partnership agreement.

If a partner stops being a partner, such as through death, withdrawal, or expulsion, the partner or the partner's estate is required to be paid the "fair share" of the partner's interest within a "reasonable period" after the event. The payment must be in cash. Such a requirement could cause a business to fail because of the effect it could have on the business' resources. It is therefore important to cover in a partnership agreement how a partner's interest will be bought out in the event the partner stops being a member of the partnership. This can be an interesting problem, though, because there are two sides that have to be considered: that of the partner who has left the partnership and that of the remaining partners. You never know, when you're writing a partnership agreement, which of those sides you may eventually be on, so be fair in what you decide!

You should have a good business attorney help you with your partnership agreement. You can do much of the conceptual work yourselves, however, and help your attorney, too. You can do this by writing down as much as you can think of about such things as the kind of business you plan to run. Include what each partner will be required to do, who has to contribute what resources, how contributions of additional resources will be determined, how decisions are to be made, how disagreements or deadlocks are to be handled, how partners can leave the partnership, and how partners will be paid off for their interests if they leave.

There is no difference between a general partnership and a registered limited liability partnership in how the two operate. That is because the only difference between the two is what kind of liability partners have to outsiders, not how the partnership operates internally.

Section 5.2 General Partnership—Taxation

The formation of a partnership involves the various partners each contributing assets to the partnership in exchange for partnership interests. This is usually not a taxable event. That may not always be the case, however. If the partnership assumes a liability of an individual partner in connection with the transfer by that partner of an asset to the partnership, the assumption can result in a tax liability for the partner whose liability is assumed. The receipt of a partnership interest in exchange for the performance of services instead of for cash or property is also usually treated as a taxable event, with the partner having income equal to the fair market value of the partnership interest received and the remaining partners receiving a deduction for the same amount. It is therefore important to have good tax advice from an accountant or other knowledgeable person concerning the formation of a partnership.

A partnership is not taxed as a separate entity, but is treated as a collection of sole proprietors engaged in a common business activity. The problem therefore becomes one of trying to apply sole proprietorship taxation to a collection of sole proprietors. This is accomplished by requiring the partnership to file a tax return on which the partnership accounts for the collective income and expenses of the partnership's business. The partnership does not pay any tax on this, however. Instead, the net profit or loss is divided up among the partners in proportion to their interest in the partnership. Each partner then reports their own share of any profit or loss on their own individual returns.

Although a partnership will never pay any income tax as a separate taxable entity, there are some tax rules that have the effect of treating the partnership as a separate taxpayer. These rules have to do with administrative matters, however, and are intended to insure that tax rules are applied on a consistent basis to partnerships. It would not do, for example, to have different partners apply different depreciation methods to the same partnership asset. Tax law insures, therefore, that there will be consistency among the partners by requiring most administrative and accounting decisions to be made by the partners collectively as a partnership rather than individually.

Section 6.2 General Partnership—Business Termination

You can form a partnership that will end on a definite date or on a the happening of a certain event. It is more common, however, to have a partnership with no such termination. This is referred to as an "at-will" partnership. One of the most important things to understand about an at-will partnership is that, in the absence of any restriction in the partnership agreement, any partner can leave the partnership at any time and for any reason. Whenever something happens that causes a partner to stop being a partner in the partnership, the partnership, is said to have "dissolved." A dissolution does not mean the partnership's business has ended; it only means that someone who was a partner no longer is. However, if a partnership dissolves, it is mandatory under the UPL that the partnership stop running its business, pay off its creditors, and liquidate, unless the partners have a partnership agreement that allows the remaining partners to continue the partnership's business without liquidation. It is very important to provide for this sort of business continuation, as failure to do so can give any partner the unilateral ability to force a termination of the partnership business simply by withdrawing from the partnership.

If a partnership stops its business and distributes its assets to its partners, and if everything is distributed among the partners in proportion to their interests in the partnership, there is generally no tax as a result. If not, there may be a tax liability. If the partnership sells off its assets to someone else, gain or loss will be calculated on each individual asset sold by the partnership, just as with a sole proprietor. The gain or loss on each asset will then be divided among the partners in proportion to their interests and reported on their own individual tax returns as if they had sold the assets separately.

Unlike a sole proprietor, however, because there are other owners involved, a partner can sell the partner's interest in the business, so that the business does not stop being run if only one of the owners stops being involved. This is a sale of a partnership interest rather than a sale of partnership assets. If a partner's partnership interest is sold, the partner will have to calculate any gain or loss by subtracting the partner's basis in the partnership interest from what is paid for the interest.

Section 2.2.1 Registered Limited Liability Partnership (RLLP)

An RLLP is a general partnership that has filed a registration certificate with the Missouri Secretary of State in order to become an RLLP. The filing of the certificate does not cause the RLLP actually to come into existence, as the filing of articles of organization does a limited liability company. Instead, an existing general partnership changes to an RLLP by filing the certificate. The only difference between a general partnership and an RLLP has to do with the liability exposure the partners have. Otherwise, general partnerships and RLLPs are treated exactly the same under Missouri law and for federal tax purposes. This section therefore describes only the liability differences. A fee must be paid with the filing of the certificate.

When a general partnership files a certificate of registration as an RLLP, the general partners no longer have automatic liability to them from what other partners or employees do wrong in the business. Instead, each partner is liable only for what that partner individually does wrong. This protection only goes into effect as of the date and time the registration is filed with the Secretary of State. Until then all partners have unlimited liability. It is therefore very important that the certificate be filed as soon as possible after the partnership is formed.

Although an RLLP may seem like a good idea, it has one serious disadvantage. Each year a renewal certificate must be filed no later than the anniversary date of the filing of the original registration certificate. If the renewal certificate is not filed by that date, the partnership is no longer an RLLP, but becomes a general partnership again. The partners will thereafter have unlimited liability until a new registration certificate is filed. The filing of a new registration certificate after one has expired will not provide retroactive protection for any period during which no certificate was in force. There is a fee for the annual renewal of the certificate.

It is not uncommon for small business owners to fail to pay close attention to the details involved in the business organization form they have chosen. With an RLLP, this can be dangerous, because liability protection depends entirely upon a critical event: the filing of an annual document by a certain date. If that is not done, everyone in the partnership is exposed—perhaps unknowingly—to unlimited liability. It does not matter why the renewal certificate is not filed by the due date, whether

the responsible person forgot or it was lost by the Postal Service. This should be contrasted with limited liability companies, where, at the time these materials were prepared, the filing of the articles of organization generally meant permanent liability protection without the need to file annual documents.

If a partner in an RLLP commits a tort, that partner can always be sued personally. The partnership can also be sued, of course. The partner generally cannot be sued personally if the RLLP breaches a contract, however, because only the RLLP is liable for damages on breach of contract unless a partner has personally guaranteed the contract. If an RLLP is liable for damages, therefore, only the assets of the RLLP (and of the responsible partner, if any) can be used to settle those damages.

Section 1.3 Limited Liability Company—Overview

A limited liability company ("LLC") is a relatively new form of business organization. It generally provides the same degree of liability protection one would have with a corporation or RLLP, while providing nearly as much flexibility as a partnership. In fact, the LLC is considered to be the most flexible form of business organization because it can be set up in ways that allow it to be treated as a sole proprietorship, a partnership or a corporation for federal income tax purposes without having to do anything special under Missouri law in order to have limited liability protection. As with any business organization that offers limited liability protection, the formation of an LLC requires the filing of a document with the Secretary of State.

Section 2.3 Limited Liability Company—Liability Protection

An LLC offers virtually the same liability protection as a corporation or an RLLP with one major difference. As noted in the discussion of RLLPs, there is no need (under the law in effect when these materials were prepared) to file any annual or other documents in order to keep the liability protection offered by an LLC. This is important because it makes it highly unlikely that there might be an accidental loss of liability protection such as could occur with an RLLP. Corporations are also required to file annual reports or they may be terminated by the Secretary of State.

Section 3.3 Limited Liability Company—Formation

An LLC is formed by filing articles of organization with the Secretary of State. The LLC does not exist until the articles of organization are filed. The person who forms the LLC is known as the "organizer." One person can be the organizer, and the organizer does not have to be a member of the LLC. At the time these materials were prepared, however, Missouri law required that there be two or more members of the LLC in order to have a valid LLC. It is expected that this law will be changed to allow one-member LLCs. If you call yourself an LLC and you have not properly filed articles of organization with the Secretary of State, you will be treated as a sole proprietor (if there is just one person) or as a general partnership (if there are two or more) and will therefore have personal liability exposure for anything that happens in the business. There is a filing fee of $105 that must be paid when the articles of organization are filed.

Section 4.3 Limited Liability Company—Operation

An LLC generally operates in the same manner as a partnership. Instead of a partnership agreement, however, an LLC uses a document called an "operating agreement" to set out the internal rules. In addition, the owners of the LLC are known as "members" rather than partners. The reason that LLCs and partnerships are so similar is that many of the rules set out in the statute for how LLCs are to operate have been borrowed from partnership law. Drafting an operating agreement is therefore not much different from drafting a partnership agreement. In fact, if a partnership wants to convert to an LLC (which it easily can do), changing the partnership agreement to an operating agreement requires little more than changing terminology. As with a partnership, if you fail to have an operating agreement for your LLC, the default rules of Missouri law apply and effectively become your operating agreement. Although an operating agreement can be either written or verbal, a verbal operating agreement is nearly worthless because no two people will ever agree on what was decided, especially if they are arguing over an issue.

When drafting articles of organization for an LLC, one of the choices that must be made is whether the LLC will be run by its members or by managers. The default approach is that an LLC is run by its members, in the same fashion that a general partnership is run by all the partners. If it is decided that the LLC is to be run by managers instead, then the members have no rights, as members, to participate in most aspects of the running of the LLC. They become more like passive investors, similar to limited partners in a limited partnership or shareholders in a corporation. How the managers are chosen and what their powers actually are relative to the members must be set out in the operating agreement.

The ability to have managers is one of the features that gives LLCs so much flexibility, especially when an LLC is used for estate planning purposes or as a means of attracting passive investors. Using a manager-managed LLC may not be a good idea for a standard business arrangement, however, because in most closely held businesses, all of the owners want to be able to participate in the management and running of the business. A manager-managed LLC is intended more as a control device that will keep some of the owners of the business from actually having any ability to control the business.

Section 5.3 Limited Liability Company—Taxation

An LLC with two or more members is, by default, treated as a partnership for federal income tax purposes unless the members of the LLC file an election with the IRS to have the LLC taxed as a corporation. If an LLC is treated as a partnership for federal income tax purposes, there is no difference between general partnerships, registered limited liability partnerships and LLCs as far as income taxes are concerned. If an election is filed to have the LLC classified as a corporation for federal tax purposes, it will be treated as a C corporation, unless an additional election is filed to have it treated as an S corporation. (Remember that an election to have an LLC treated as a corporation for income tax purposes does not change it to a corporation as far as its form under Missouri law—it's still an LLC.) A one-member LLC is taxed as a sole proprietor unless the member elects to be taxed as a corporation. Please refer to the materials on partnerships, corporations and sole proprietorships for the discussions of taxation. For Missouri income tax purposes, an LLC will be treated the same as it is for federal income tax purposes.

Section 6.3 Limited Liability Company—Business Termination

How the termination of an LLC's business will be handled for income tax purposes depends on how the LLC is classified for federal tax purposes. Please refer to the materials on partnerships, corporations and sole proprietorships for the discussions of terminations. For non-tax purposes, the termination of an LLC's business is generally the same as the termination of a partnership's business.

Section 1.4 Corporation—overview

Unlike other business organization forms, a corporation is considered to be a separate legal person from its owners. This means it is the corporation that owns the business, not the shareholders or anyone else. The corporation uses agents to carry on the business because it has no physical existence itself that would allow it actually to do anything. The management decisions are made by the board of directors and the day-to-day activities are carried out by the officers and other employees. Because the corporation is a completely separate legal person from the shareholders, it is the corporation which has the primary responsibility for what happens in the business and which therefore has primary liability if something goes wrong. That is why corporations have traditionally been used for purposes of liability protection, although this is no longer necessary because of RLLPs and LLCs. Corporations are the most formal business entity, generally requiring more paperwork than any of the others, although this can minimized with proper planning and understanding of what really is required and how that can be done.

The corporation is also generally treated as a separate taxpayer for tax purposes, meaning that any shareholders who work in the corporation's business will be considered employees of the corporation. Only corporations allow an employer-employee relationship between the business entity and its owners, which can result in certain tax benefits, such as paying for health insurance as a business expense.

Section 2.4 Corporation—Liability Protection

A corporation has no physical existence. It is therefore impossible for a corporation actually to do anything itself, even though it is treated as a separate legal "person" under Missouri law. In order for the corporation to do anything, therefore, it has to have human agents who will do things for it. Because we have to assign functions to agents, we can split the functions up. We do this by assigning the ownership function to the shareholders, the management function to the directors and the work function to the officer-employees (hereafter referred to as "officers").

Shareholders do not own the business or the assets that are used in the business. These are owned by the corporation. Nor are shareholders permitted by virtue of their stock ownership to participate in the conduct of the corporation's business. They are just passive investors who own shares of stock which gives them the right to receive dividends, distribution of the corporation's assets if the corporation liquidates, and the right to vote for directors. Because they are not allowed to participate in the corporation's business and, therefore, they cannot have participated in the wrongdoing, shareholders cannot have any personal liability for anything the corporation does wrong. This is the source of the so-called limited liability protection offered by corporations.

In a small business, however, the shareholders will also be the directors and the officers. The directors generally have no liability for decisions they make as directors

as long as they make their decisions in good faith. Officers are responsible for carrying out the directions of the directors and for the day-to-day running of the corporation. It is here that you can get into trouble.

If you are an officer or any other employee of a corporation and you commit a tort, you are personally liable for any damages because you are the one who did it. It really does not matter, therefore, that you cannot be sued as a shareholder. Where you do receive protection, however, is from imputed liability. For example, if a partner in a two-partner general partnership commits a tort, the other partner has automatic imputed liability, even though that partner had nothing to do with the tort. If the two were shareholders and officers in a corporation, there would be no imputed liability. Instead, only the one who actually committed the tort would have liability. Thus, corporations, like RLLPs and LLCs, offer you protection from what others do wrong, not from what you, yourself, do wrong. In addition, of course, the corporation, as the employer and owner of the business, will always have automatic liability for what its employees do wrong when acting for the corporation.

The discussion thus far has focused on tort liability, which generally means liability for causing personal injury to someone else. That is because an officer of a corporation generally has no personal liability for contracts entered into on behalf of the corporation. If, for example, you sign a contract on behalf of your corporation as its president, you are not signing the contract for yourself as your contract. It is, instead, a contract you are signing on behalf of the corporation as its contract, and you are acting merely as the agent of the corporation. If you are acting as an agent, it is the one for whom you are acting, known as the "principal," who is considered as having entered into the contract, not you. Thus, if the corporation breaches its contract and causes damages, it is the corporation, as the principal, not you, as the agent, who will be liable, even if you were the one who caused the corporation to breach the contract. This is true also for RLLPs and LLCs.

Section 3.4 Corporation—Formation

A corporation is formed by filing articles of incorporation with the Missouri Secretary of State. The corporation does not exist until the articles are filed. The person who files the articles of incorporation is known as the "incorporator," and can be any individual. A corporation can have any number of shareholders. The filing fee for articles of incorporation varies, depending on the value of the shares of stock the corporation is authorized to issue. The minimum filing fee is $58. Except in very unusual circumstances, there should be no reason to pay more than the minimum filing fee.

When you form a corporation, it can be a traditional corporation or what is referred to as a "statutory close corporation," commonly called a "close corporation." A traditional corporation is governed by the usual laws that cover all corporations, from the largest publicly held corporation to the smallest closely held corporation. These laws are based on traditional notions of what corporations are and how they should be run and have been criticized as not meeting the special needs of closely held corporations. (A "closely held corporation" has no special definition, but is one whose stock is not publicly traded and which usually has only a few shareholders.) As a result, Missouri enacted special provisions under which closely held corporations receive special treatment. A corporation formed under or adopting these provisions is called a close corporation.

There are a number of benefits that result from being a close corporation. These are not discussed in detail in these materials but can be summarized as follows:

1. There are statutory restrictions on stock transfers and statutory buy-sell provisions following the death of a shareholder that can apply automatically or which can be modified or eliminated, even when there is no shareholder agreement covering these matters;
2. There is increased flexibility in the governance of the corporation;
3. There is probably somewhat decreased exposure to having the corporate veil pierced for purposes of holding the shareholders personally liable for debts of the corporation; and
4. There is more statutory protection of minority shareholders than under regular corporate law.

A newly formed corporation becomes a statutory close corporation by including in its articles of incorporation a statement that it is a statutory close corporation and other special provisions that are required of close corporations. An existing corporation with fifty or fewer shareholders can become a statutory close corporation by amending its articles of incorporation to include such a statement. Stock certificates of a close corporation are required to have a special statement included on them in order for the statutory restrictions on transfer to be effective.

If there is any question about whether your corporation should be a traditional corporation or a close corporation, the answer is that it should be a close corporation because there are really no disadvantages, only benefits.

Section 4.4 Corporation—Operation

A corporation is run on a day-to-day basis by its officers, who are employees of the corporation. They are elected by and subject to the control of the board of directors, which makes all of the important management decisions for the corporation. The role of the shareholders in a traditional corporation is limited to electing the directors. The corporation may also have other employees, who are subject to the direction and control of the officers.

If you form a corporation, you will undoubtedly serve all three functions of officer, director and shareholder. This makes it easier to get things done, since you usually do not have to worry about getting other people together for meetings or about whether the directors might disagree with the officers. It also creates a problem for small businesses because it makes it easy to ignore some of the administrative things, such as maintaining corporate records, that should be taken care of. This is especially important if there is more than one person involved in the corporation because, if there is ever any disagreement among the owners of the business, courts will look at what the corporation's records say in making their decision. If there are not proper records authorizing what was done, there may be a problem.

A corporation is governed first by the rules set out in its articles of incorporation. This is the document filed with the Secretary of State and can be changed only by filing an amendment and paying the appropriate filing fee. The corporation also is required to adopt bylaws that set out the internal rules for running the corporation, such as what officers there will be, when and how meetings will be conducted, what voting requirements there are to be, and similar matters. The bylaws are not filed

with the Secretary of State. If the corporation fails to adopt bylaws, there are default rules set out under Missouri corporation law that say what must be done.

Another document for a corporation to have is a shareholder agreement. This is not required by law, but is probably the most important document you can have if there is more than one shareholder in the corporation. The shareholder agreement can be used to control to whom shares of stock can be transferred, how a shareholder's shares will be bought back if the shareholder wants out of the corporation or dies, the price at which shares are to be bought, how a shareholder can be removed from the business if necessary, and how disagreements among shareholders are to be resolved. A good shareholder agreement will, in short, anticipate problems you might have in running your corporation and will try to provide solutions in advance.

Corporations are the most formal business organization. There are bylaws, shareholder agreements, directors, officers, minutes, resolutions, stock certificates, corporate seals, annual reports, and separate tax returns. All of this may be overwhelming, causing you to not do it or pay someone else—a lawyer or an accountant—to do it for you. If you have a good planner helping you set up your business, are willing to do some self-education and a little work, this can be made much simpler for you. See the next page for some things to consider in forming a corporation.

Officers

Corporations are required by law to have a president and a secretary. They can be the same person, which they would be in a one-person corporation. The president is usually required to sign documents, such as contracts or loans, on behalf of the corporation as its official agent. About the only thing the secretary really has to do is keep minutes, "attest" the president's signature and certify that copies of the corporation's resolutions or minutes are true copies. A corporation can have whatever other officers are authorized by its bylaws, with the duties of such other officers being whatever is set out in the bylaws or by resolution of the directors. You might consider a provision in the bylaws authorizing the directors to appoint one or more vice presidents and assistant secretaries. This could allow you to appoint any of the shareholders who work in the business as an appropriate officer. For example, making sure everyone is both a vice president and an assistant secretary could make it easier to sign documents because any one person could then sign. There is no need to have a treasurer, although you could, or you could have the secretaries also serve as treasurers.

Stock Certificates

The law says the board of directors will adopt the form of the stock certificates. A stock certificate is merely a contract between a shareholder and the corporation that sets out the terms of the shareholder's investment in the corporation. The certificates can therefore be printed on any kind of paper you want, as long as they contain the appropriate language. They do not have to have the corporation's name preprinted on them or be preprinted forms at all. You can sometimes buy blank forms in stationery supply stores or even type your own certificates on plain paper.

Corporate Seal

Missouri law says the board of directors "may" authorize a corporate seal. If you have one, you must use it. If you decide not to have one, all that must be done is to type or write "No Seal" in the space where a seal would go.

Meetings and Minutes

A corporation is required to have at least an annual meeting of its shareholders to elect directors and an annual meeting of its directors to elect officers. It may also need to have other meetings, usually of directors, for things such as authorizing the borrowing of money, large purchases, or the signing of leases or other significant contracts.

Most of the time small corporations do not, in fact, ever have these formal meetings, especially one-person corporations. An easy way to handle minutes, therefore, is to use written consent minutes. The law says anything that can be done at a meeting of the shareholders or of the directors can, instead, be done by them on written consent, if everyone who is a shareholder or director signs the minutes. If they do this, whatever is authorized in the written consent minutes is legally considered to be the same as if they had actually had a meeting and everyone had voted in favor of the action. For example, written consent minutes could be used instead of actually having (or pretending to have) an annual meeting of shareholders and directors.

Minutes Book

You can buy minutes books that come complete with the corporation's name printed on the cover and special paper on which to type minutes. An easier and cheaper way to keep minutes is on regular typing paper in a three-ring binder.

Section 5.4 Corporation—Taxation

A corporation is a separate legal "person" under state law and is therefore considered to be a separate taxable entity for income tax purposes. This means as a general rule that any transactions between a corporation and its shareholders will be taxable events. This is not the case, however, when a corporation is formed because of a special rule that permits formation of a corporation without its being a taxable event. As with partnerships, however, that is not always the case.

In order for the formation of a corporation to be nontaxable, those persons who are to be shareholders of the corporation must transfer assets to the corporation solely in exchange for stock in the corporation. If the corporation issues anything other than stock, such as a promissory note, the person receiving the note may have a tax liability. If the corporation assumes a liability of a shareholder in connection with the transfer of assets, the shareholder will have to treat as income the excess of liabilities assumed by the corporation over the basis (book value after depreciation) the shareholder has in the assets transferred. Finally, as with partnerships, any stock received in exchange for the performance of services will be treated as income to the shareholder.

Because a corporation is a separate taxpayer for income tax purposes, it normally will report its own income and expenses and pay its own income tax. This is known as a "C corporation" because it is taxed under subchapter C of the Internal Revenue

Code. The corporation and its shareholders can make a special election, however, under which the taxable income or loss of the corporation passes through to the shareholders. In that case, the shareholders pay income tax on the corporation's income as if it were their own and may be able to use the corporation's loss on their own returns. Because this election is made under subchapter S of the Internal Revenue Code, these corporations are known as "S corporations."

C corporations have a bad tax reputation because they are accused of costing the shareholders a double tax. This is how it works. If a C corporation earns a profit, it pays tax on the profit. If it then pays part of that profit out to its shareholders as dividends, it receives no income tax deduction for the payment of the dividends and the shareholders pay tax on the dividends they receive. Thus, both the corporation and its owners have each paid income taxes on essentially the same income. If the corporation is paying taxes at a 25 percent rate, and the shareholders at a 28 percent rate (not taking into account state income taxes), the combined tax rate would be 53 percent! Clearly this is not desirable. There are planning techniques used to try to avoid this problem, but they are not within the scope of these materials. A double tax may also result from liquidation of the corporation, as discussed under "Liquidation."

Avoiding Double Taxation

One means of avoiding double taxation, however, is for the corporation and shareholders to elect to have the corporation taxed as an S corporation. If the election is made, the corporation will calculate its income or loss in much the same manner as a partnership, with the resulting income or loss being passed through to its shareholders. The shareholders will then report the corporation's income on their own personal returns. If there is a loss, the shareholders may be able to deduct the loss on their personal returns, also, although there are certain tax rules that may make shareholders delay taking the loss deductions under some circumstances. Shareholders are required to pay tax on the corporation's income even if the income is not actually distributed to them. When the money is actually distributed to the shareholders later on, however, the distributions are tax free to the extent they have already paid the tax. There is therefore no double tax with an S corporation, because the payment of dividends is essentially tax-free. Although this is generally a good thing, there are some disadvantages with S corporations, especially in the fringe benefits area. In addition, the conversion of a C Corporation to an S corporation can result in unexpected and unpleasant tax consequences and should be done only after consultation with a person knowledgeable in such matters.

The tax consequences of liquidating a corporation's business or an interest in a corporation depends largely on whether the corporation is a C corporation or an S corporation.

C corporation

If a C corporation distributes its assets to its shareholders in liquidation of its business, it will be treated for income tax purposes as if it had sold the assets to its shareholders at fair market value and will have to pay income tax on any gain that might result. The shareholders will then be treated as selling their shares of stock back to the corporation in exchange for the fair market value of the assets that are received and will have to pay tax on any gain they have. The same thing happens if

the corporation sells its assets to a third party and distributes the cash. Thus, the liquidation of a C corporation is subject to a double tax; one on the corporation and one on the shareholders. There is no way to avoid this. It is therefore very important that you not use a C corporation as your business form or put assets such as real estate into that corporation unless there is a very good reason to do so.

S corporation

This problem is not as bad with an S corporation. All the income and expenses of an S corporation are generally reported by the shareholders and the tax is paid by them as individuals instead of by the corporation. Subsequent distributions by the S corporation of the income the shareholders have already paid the tax on are therefore tax-free. Accordingly, if an S corporation sells its assets, the shareholders, rather than the corporation, will pay tax on any gain. Then, when the corporation distributes the cash to them, it will come out tax-free because the shareholders already will have paid the tax. There is only one tax, therefore, not two. If the corporation distributes its assets directly to its shareholders rather than selling them and distributing cash, however, it will, just like a C corporation, be treated as having sold the assets to its shareholders at fair market value. That is, the corporation will have to calculate its gain or loss on the distribution, which will pass through to the shareholders. They will then have to pay tax on any gain that passes through from the corporation, even though there has been no actual sale and all they are really getting is the corporation's assets.

***There is an important lesson to be learned here:**

While forming a corporation may be tax-free,
liquidating the corporation is always a taxable event.

If the business of a corporation is to be sold, one way to avoid the double tax with a C corporation is to sell the stock instead of the assets. That way there is no need to get the money out of the corporation because it will all have been received by the shareholders, instead. Although this is good strategy for a seller, it is bad for a buyer because the buyer will not be able to deduct any of the costs of buying the business if stock is bought instead of the assets themselves. The buyer may therefore insist on purchasing assets instead of stock, creating a potential for real conflict between seller and buyer.

Additional Considerations Regarding Liability Protection

The Nature of Liability

There are two kinds of liability exposure you can have in a business: tort liability and contract liability. "Tort" is a general term that covers any kind of injury that might be caused to another person, such as injuries due to negligent driving, resulting from a defective product or someone's slipping and falling in a store. Tort liability is usually sudden, unexpected and beyond your control. Contractual liability is liability you may incur as a result of entering into a contract with someone else and then breaching the contract (failing to carry out its terms). In either case, if you are responsible for injuring someone else through committing a tort or breaching a contract, you may be required to pay them for any damages you cause. This, as you know, can be

expensive. It is therefore natural to want to avoid liability exposure as much as possible. This can be done in part through the kind of business entity you choose.

Before we discuss additional factors dealing with liability, however, you must understand one important rule: **You cannot avoid liability for what you, yourself, have done wrong, no matter what kind of business entity you choose.** What you are trying to do, therefore, is to avoid liability for what someone else, such as a partner or an employee, may do. This is referred to in these materials as "imputed liability." If you are the only one involved in the business, however, it may be very difficult to avoid liability exposure.

Guarantees

Although you usually have no liability exposure for breaches of contract by a corporation, RLLP or LLC, you may be liable if you have guaranteed the contract. This will almost always happen if the business needs to borrow money. It may also happen if the business needs to rent business space. You may be asked as a shareholder, partner or member to sign a guarantee that, if the entity fails to make repayment of the loan or goes into default under the lease, you personally will pay the entity's obligation. If you sign such a guarantee, you will have personal liability. Although you certainly can refuse to sign a guarantee, you may find yourself unable to get the loan or rental you want. If the other person also wants your spouse to sign the guarantee, even if your spouse is not involved in the business, be very careful. Although a lender can require your spouse to execute documents that will permit the lender to secure the guarantee with jointly owned assets as collateral, it generally cannot require your spouse to assume joint liability as a condition of advancing credit to you. On the other hand, you may have to do a joint application if you cannot qualify alone on the basis of your separate credit and income. If both you and your spouse sign the guarantee, it will result in your having joint liability exposure, which could affect your ability to protect assets through tenancy by the entirety as discussed under "Other Means of Protection," below.

Piercing the Veil

It is possible for shareholders of a corporation to be held personally liable for what the corporation does wrong, even if they would not be under the normal rules. This is known as "piercing the corporate veil." It is done by the courts in order to prevent someone from using a corporation in order to commit some form of fraud or injustice and then hiding behind the corporation. This happens more often in contract than in tort cases. There are no rules that will tell you when a court will allow the veil to be pierced and when it will not. Because it is based on misconduct, about the best that can be said is that if you act too outrageously and unfairly in your business dealings, you may have personal liability even if you have a limited liability entity. Although it is known as piercing the "corporate" veil, the same principle will be equally applicable to LLCs, RLLPs and any other form of limited liability entity.

It is often thought that failure to use "Inc." or "LLC" or some other term showing you are doing business through a limited liability entity will allow others to pierce the veil and hold you personally responsible. This is, in fact, not generally the case in Missouri. If others do not know when they sign a contract with you that you represent a corporation, LLC or RLLP, however, you may be personally liable for the contract under a doctrine known as "undisclosed principal." This is a rule that says if

you are acting as the agent for someone else, who is the principal, you are required to disclose this fact. If you do, then it is the principal who is bound by the contract, not you. But if you fail to disclose that you are the agent of someone else, then the person with whom you are signing the contract would naturally assume the contract is with you. If there is a breach of the contract and you then try to say you were acting on behalf of your business entity, you may have personal liability because you mislead the other person. In addition, the business will have liability. It is therefore important that all contracts with other people always be signed by you as an officer, member, or partner, depending upon the business form being used.

Other Means of Protection

One of the best forms of liability protection is adequate liability insurance. There are two good reasons for having liability insurance: (1) if you are sued, the insurance company will generally defend you, possibly saving you significant legal fees; and, (2) if you lose, the insurance company will pay damages up to the policy limits. This is not something that keeps you from having liability in the first place. It is intended to protect you from losing your business and personal assets if someone successfully takes a judgment against you. Both you and the business should have liability insurance in order to protect both the business and the personal assets.

There is another form of asset protection available in Missouri to married couples. Missouri law presumes that any assets titled in the names of two people who are legally married are owned by them in a form of ownership known as "tenants by the entirety" unless they expressly state a different form of ownership. One of the things that happens as a result of owning property as tenants by the entirety is that no individual creditor of either spouse can take any of the entirety property for the liability of just the one spouse. There must be joint liability of the two spouses and a judgment against both of them before a creditor can take the entirety property. So long as a married couple can prevent a creditor from asserting joint liability against them, they should be able to protect the entirety assets, such as a personal residence, from being taken. It is very important, therefore, that spouses who are in business together structure the business in a way that, as much as possible, will prevent their having joint liability. They should never, for example, be in business together as a general partnership, but should choose instead a limited liability entity such as an LLC or a corporation. If you are not certain whether property you own with a spouse is held as tenants by the entirety, you should check with your attorney. It is important to understand, too, that tenancy by the entirety may conflict with estate planning needs and is not a form of ownership that is recognized in all states.

Business Name

A sole proprietor or general partnership can use any name it wants as long as the name chosen does not violate someone else's rights, such as a trademarked name. Any business form that requires you to file a document with the Secretary of State in order to have limited liability protection, however, will also mean you will have to have a name that is different from the name of any other limited liability business already on file with the Secretary of State's office. You should therefore always check to make sure the name you want is available. If you have a lawyer helping you, the lawyer may do this.

Name Availability Desk

You can check yourself; however, by calling the name availability desk at (573) 751-3317, and asking whether the name you want is available. If it is, you will be told it is "conditionally available," meaning it is yours if you file your organizational documents with that name before someone else does. If it is not available, you will have to modify the name until it is acceptable or will have to use a different name. You can reserve a name for a period of time, but this costs money and requires the filing of a name reservation document. It is usually just as easy instead to go ahead and file the necessary document to create the entity.

If you use a name other than your true legal name, you will be required to file a fictitious name registration with the Secretary of State. (This is also sometimes referred to as "d/b/a" or "doing business as.") For example, if you are a sole proprietor and decide to call yourself "AAA Services" in order to be listed first in the telephone book, you will have to file a fictitious name registration because that is not your true legal name. Partnerships commonly should file fictitious name registrations because they usually do not do business in the names of all the partners. The reason for fictitious name registrations is to allow someone who wants to sue the business to find out who it really is that they need to find in order to file the lawsuit. If you are doing business through a corporation or an LLC, you do not need to file a fictitious name registration because it is the name of the entity that counts, not yours. But if the corporation or the LLC uses a name other than the one under which it was formed, it will have to file. It is a misdemeanor not to file a fictitious name registration, and there have been people prosecuted for this. A form for fictitious name registration is available from the Secretary of State Corporations Division, and there is a nominal filing fee.

Forms to Complete and Return

The Missouri Secretary of State has forms available that can be used for filing registration certificates for RLLPs, articles of organization for LLCs and articles of incorporation for corporations. The forms must be filed in duplicate and must be accompanied by the proper filing fee. In fact, it is not uncommon for lawyers to use the forms provided by the Secretary of State. If that is the case, why not get the forms and fill them out and file them yourself? The main reason not to is that you are unlikely to know how to fill them out in order to meet your particular needs. There are a number of decisions you must make in designing a business entity to meet your needs, and making the wrong choices could cause you problems later and possibly cost you a great deal of money. It is therefore worth the expense of having the advice of a good business lawyer.

Other Tax Matters

Additional Information

The IRS has a number of free publications you can get that will be helpful to you. The most comprehensive of these is Publication 334, Small Business Tax Guide. This publication covers tax matters applicable to all the different forms of business. It also contains a listing of other specialized publications that are available and which may be of help to you, such as business use of your home and auto. These publications are available by calling the IRS forms number at 800-829-3676 (800-TAX-FORM).

You may also download copies of the publications from the IRS website, www.irs.gov.

Benefits

One of the nice things about being in business is the ability to deduct the cost of paying for certain employee benefits, such as health insurance and child care, with the employees not having to pay tax on the value of the benefits paid for by the employer. These kinds of benefits will be referred to in these materials as "fringe benefits." Business owners may also set up pension plans that can be used to help provide for their own and their employees' retirement.

These will be referred to as "retirement plans." This means that only a C corporation will allow you to pay for fringe benefits for yourself, deduct them as business expenses and not have to report the payments as income.

If you want to deduct the costs of fringe benefits you pay for on behalf of yourself (and your family), you must be an employee of the business and cannot use an S corporation.

If you are a sole proprietor, a partner in a partnership or a member of an LLC, you cannot also be your own employee and are not entitled to deduct as a business expense fringe benefits paid on behalf of yourself. Unlike fringe benefits, your ability to set up a retirement plan does not depend on what form of business you have.

If you want to pay for fringe benefits or retirement plans through your business, you must be sure you can afford them. It may cost you to have someone create the necessary documents and comply with IRS and Department of Labor requirements. In addition, if you have any other employees, you must, as a general rule, provide them the same benefits as you provide for yourself. This is known as a "nondiscrimination" rule because it does not allow you to discriminate in favor of the owners of the business when paying for fringe benefits and retirement plans. Because of the complexities of the rules covering benefits, the assistance of an expert is very important.

Social Security and Unemployment Taxes

Social Security taxes must be paid on what you earn from work. If you are an employee, you and your employer each pay half of the tax, which is imposed on the wages you are paid. If you are self-employed, you must pay the entire tax on your net profit from your business. Sole proprietors, partners in partnerships, and members of LLCs (unless the LLC has elected to be treated as a corporation) are considered self-employed. If you use a corporation, you will be treated as an employee of the corporation.

If you hire employees, you will also have to pay part of their Social Security taxes. You do not have to pay any portion of the Social Security tax of an independent contractor. It is tempting to call someone an independent contractor in order to save taxes. This can be a dangerous thing to do.

Both the IRS and the State of Missouri have the ability to reclassify an independent contractor as an employee if that is what the person truly ought to be. It does not matter that you have a contract under which the person agreed to be an independent contractor. If they reclassify the worker as an employee, you will have to pay all the back employment taxes that should have been paid had you treated the worker as an employee all along, plus penalties and interest. This can result in tax liabilities that can put you out of business. If you have any doubt at all on whether someone should be treated as an employee or an independent contractor, consult someone familiar with employment tax issues.

Unemployment taxes must be paid on employees, but not on the self-employed. Whether a worker is an employee for unemployment tax purposes is determined under the same rules that apply for Social Security tax purposes.

Editors note: With the exception of the introduction and the table, this chapter on forms of business organization, licenses, and taxes was written by Kenneth K. Wright, Attorney, of Cripps & Wright, LLC, Columbia MO. Cripps and Wright specializes in business planning, limited liability companies, corporations, employee benefits, and estate planning.