



## INCORPORATING YOUR BUSINESS IN FLORIDA

### Everything you need to know to start your business in Florida

Apart from wonderful beaches and exciting theme parks, Florida is also a magnet for businesses. Its business climate is one of the best across US. It is recognized as the most accommodating environment for burgeoning businesses due to its culturally diverse populace.

Florida ranked the highest for "Business Environment," which included factors like average growth of business revenues, growth in the number of small businesses and five-year business survival rate.

Florida's unique coastlines and ports make it an optimal station for global trade network (a benefit of its topography).

Another benefit of starting a business in Florida is that there is no state income tax.

Some argue that the lack of state income tax is offset by the higher cost of living in Florida. Housing is the biggest factor in this high cost of living but running a seamless enterprise remotely, you get the double benefits of low cost and better branding that is recognized worldwide. The higher cost of living is further exacerbated by the lower average income of the state which reflects in lower employee wages outgo and cheaper professional. More importantly, Florida is a plentiful source of funding capital for entrepreneurs.

Many venture capitalists and angel investors actively invest in startups across this state. As a result, Florida is regarded as one of the United State's economic powerhouses. If Florida were a country, its GDP would be ranked 17th in the world.

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#### 1. Anonymity

One of the best things about incorporating in Florida is that you would not need to disclose all the information about the people who are the members of the company. In short, the filing of the incorporation of your company can be done anonymously, which is mostly done through a representative agent of the company.

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### 2. Limited Liability

Another one of the main and best reasons for incorporating in Florida is that you get limited liability. The limited liability basically protects the company principles and the shareholders from the personal liability in most of the cases. Let us take for instance that the corporation is indebted. In this case, the creditors would not be able to collect any personal asset of the principals and shareholders for covering their payment.

### 3. Perpetual Existence

The Florida corporations have a continuous life regardless of the change in ownership. Basically, in some states, when the owner dies, the company is no more, and if an heir wants to continue it, it would be considered as a new business. But in Florida, it is not like this. Even though the Shareholders change as well, the Florida State corporation would never be affected by anything.

### 4. Corporate Formalities & Professional Appearance

With a Florida corporation, your company would look much more professional due to the display of the Inc. initials after the business name. This Inc. is basically the official stamp from the State of Florida Division of Corporations. With all this professionalism, your company can easily obtain loans from the banks and be successful that way.

### 5. Raising Investment Money

With the Florida corporation, you would be able to raise money easily, not only within the state but also from the outside investors. This is since the shares in a Florida corporation are easily transferable, which means that you can sell the shares in exchange for funding.

The best part about this is that the corporation would not have to pay taxes on the money that has been raised by the sale of the stocks. In addition to this, investors are most likely to fund their money and time in a Florida company as they know it would protect their personal assets in case of a lawsuit.

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### 6. Ease of transferability

With a simple assignment of the stock certificate, all the Florida corporation, its assets, and even the accounts can be transferred. Though, this is not very simple when it comes to a sole proprietorship or partnership company in Florida. This is because each asset of the individual and even the licenses have to be transferred individually making it more of a hectic task.

### 7. Benefits for Employees

The corporations in Florida are structured to support the employees which means that you would be able to hire the best employees easily. The reason is that you would be able to adopt several employee benefit schemes like the stock option plans, etc. Moreover, you would also be able to deduct the contributions that you make for the employee disability and employee health benefit plans.

### 8. Low maintenance fees

With a low maintenance fee and very ease of compliance for a Florida corporation, Florida continues to host a burgeoning number of startups.

### 9. Can undertake all lawful activities

As per the State of Florida Division of Corporations, all the companies incorporated here can perform all the lawful business ventures, except the licensed professionals.

### 10. For-profit corporations in Florida you need only one director

Yes, incorporating in Florida would only need one director who can also be the same person as the Secretary, Treasurer, and the President. While in the other states, there is a need for more than one director, and mostly that the director and the other officials are different people.

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### 11. No minimum capital requirement

Most of the states in the US need that the corporation has to have at least \$1000 capital. While in Florida, there are no capital requirements for the Florida corporation.

### 12. Tax advantages

Other than the fact that you would not be double taxed if you incorporate in Florida and would just have to pay a low amount of tax, there are other tax benefits that makes Florida the right choice for your company. The following tax advantages are available for the corporations in Florida:

- All start-up expenses are deductible.
- Business vehicle expenses and Travel expenses are deductible.
- The professional fees for banking, legal or accounting services for the business as well as the business lease and rental expenses, are fully deductible.
- Your overhead expenses for running your business daily and the interest paid on capital loans are deductible.
- Paid Wages, Business Insurance, Advertising Costs, and sales tax linked to your company are deductible.
- Medical insurance for your family is deductible.
- Tax deferred trust can be put up for the owner's retirement plan.
- There isn't any corporate tax at state and federal level on the dividends if the owner decides to be a subchapter S corporation.
- Expenditures or losses are fully deductible for the corporation.

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Some disadvantages are there too but these are easily surmountable and generally can be taken care of with sound advice.

1. Paperwork. The very act of transforming one's small business into a corporation requires more paperwork. As required by the state of Florida, the corporation must continue to operate in "good standing" or risk losing their status as a corporation on either a temporary or permanent basis.

This is taken care of by our team with timely reminders and the Florida state fees for maintaining active status is just \$35 payable between January 1<sup>st</sup> and April 30<sup>th</sup>.

2. Legal fees. Florida small business owners are advised to retain the services of an attorney to set up a corporation. Initially, these costs can be expected to run anywhere between \$500 and several thousand dollars.

All these costs are included in our package.

3. High rental cost. Rentals and real estate can be very expensive throughout the state. For small businesses, the average profit margin may not be high enough to sustain.

Our package also includes virtual office rental for one year, so you are covered for it. And moreover, you are covered at a cost of \$300 per year there onwards, coming to around \$25 per month.

## FLORIDA STATE CORPORATE TAX

On September 18, 2019, Florida Department of Revenue announced a reduction in the corporate income tax rate from 5.5 percent to 4.458 percent retroactive to January 1, 2019 which makes it one of the lowest in all the 50 US states, yet very business friendly compared to the other in the same category.

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