

Starting Your Own Business
A Series for Budding Entrepreneurs
**Corporate Reporting
Requirements**



Corporate Reporting Requirements

As a business owner you have responsibilities for the corporation you just started. These responsibilities are to be taken very seriously; otherwise, you will open yourself to potential liability from outsiders who may want to “pierce your corporate veil” and attempt to seize your personal assets if you are in litigation.

Quarterly Tax Filings

As a bona fide corporation, one of your responsibilities is the filing of corporate taxes on a quarterly basis. Now, as you can probably tell from the previous articles, I am a big fan of using a CPA to do this for you. While I know that there are a number of business owners who would prefer not to pay for these types of services, I strongly believe that utilizing experts in the different facets of your business just makes sense – both common business sense, and financial sense. It is always a good idea to have the experts work for you, as opposed to having you spend your billable time on your corporation’s maintenance. Filling out quarterly taxes isn’t just an IRS requirement, it is also an opportunity for your CPA to take a look at how your business is doing, and what types of corrections/changes in planning you need to make in order to avoid a huge IRS check at the end of the year – which is a “red flag” for the IRS to audit your business. I don’t know about you, but I want to avoid having to spend a week meeting with my local IRS while they dissect all of my business files/receipts. If I were to get an IRS audit right now, it would be my CPA who would be spending this quality time with the IRS, not me. This alone represents another valuable use of the hired CPA.

The Annual Meeting

Corporations must have, at a minimum, one annual meeting to which the shareholders are invited to attend. Often the corporation’s shareholders are only the business owner, or the business owner and a few select others (like your business partner(s) or spouse). The meeting can be held anywhere (at your house, or at a hotel at a resort – this is your pick), and the costs associated with the annual meeting are tax deductible, so make sure that you keep an accurate tally of all the expenses – hotels, meals, entertainment, etc. while you are at this offsite location.

Prior to the annual meeting, a notice must be sent to all invitees approximately 30 days before the meeting. It is also recommended that the agenda for this be sent to the invitees, too.

Following the meeting, the secretary must prepare the minutes and send these to all the attendees for comments/review, and then these are filed in the records of the corporation. It is extremely important to be diligent in the meeting notices, invitations and minutes – the more diligent you are, the more this shows anyone questioning the validity of your corporation that you are indeed a real corporation, and doing business as a bona fide corporation. If you are lax in your approach to your corporation’s records, this can open up your business for review by the IRS, or even more important, to

someone who is suing to “pierce your corporate veil” and attempt to seize your personal assets. Be prepared, and be diligent in your corporation’s bookkeeping for your own protection.

The Corporate Book

The corporate book is easily obtained on line by doing a web search on this subject - I use Corpex. The corporate book is where you keep your articles of incorporation, annual meeting notices/minutes, stock records, and your corporate seal. If you have an attorney handle your incorporation, they can also get your corporate book for you, but like I mentioned earlier – you can get this easily on the internet. Keep all of your corporate articles in the corporate book for the time in the future when you will need to show it to a lender if you would like a line of credit. That will be the same time that you will get to use your corporate seal – similar to the seal used by a Notary of the Public, and for similar purposes.

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