



Who needs an LLC?

AUSTENESQUE AUTHORS EDITION

US PERSPECTIVE

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NOVEMBER 2022

DISCLAIMER

- ▶ This is not legal advice
- ▶ Consult a licensed attorney in your own jurisdiction for information most relevant to your own situation

What are my best legal options as a small business owner?

- ▶ Sole proprietorship
- ▶ LLC

How different are they?

- ▶ For an author, sole proprietorship is not so very different from an LLC
- ▶ In terms of tax filings there is no real difference – you report the income on Schedule C attached to your personal form 1040 either way

Required formalities: sole proprietorship

- ▶ Some cities / towns require those who work for themselves from home to buy a business license
- ▶ You can operate exactly as you like
- ▶ No special fees to pay unless you need a business license
- ▶ Make sure your homeowner's insurance covers you
- ▶ When you want to retire you can just stop writing, and if you want to start up again you can do so whenever you like

Required formalities: LLC

- ▶ In most states your Secretary of State's website will have a simple online form you need to fill out
- ▶ There will be a filing fee and then annual fees to maintain registration
- ▶ In some states there are additional requirements (e.g. New York publication requirement)
- ▶ May require insurance rider depending on the nature of your home based business



Oregon Secretary of State Shemia Fagan

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So ... What are the benefits?

- ▶ If formalities are closely observed, the LLC insulates the individual from liability
- ▶ An LLC, as a legal business entity, can hire employees, can set up benefit plans, retirement plans, etc. and those costs can be tax deductible
- ▶ Can help the individual owner shift income from one year to the next
- ▶ Has very little effect on the nuts and bolts of your tax returns

Is it worth it?

- ▶ For most writers, probably not
- ▶ Most writers do not create personal liabilities through their work, requiring legal protection of personal assets
- ▶ For writers who are very prolific, have staff or wish to hire/pay family members or other employees, set up benefit/retirement plans, etc., then there is value

Questions?