

Business Corporation

Frequently Asked Questions

Here are some answers to questions we receive frequently from the public about creating business corporations. We provide this for informational purposes only. It does not constitute legal advice.

Please READ THIS:

DO NOT include personal identifying information within any document you file with the Department or the Corporations Division. Examples of personal identifying information are: residential address (**unless that address will be the principal office of the corporation**), date of birth, Social Security Number or federal identification number.

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1. What is a corporation?

A corporation has a legal status or existence that is separate both from the individual(s) who forms it and its owners (stockholders). The objective of incorporation is to create this separate corporate entity with all of its attributes, such as the independent right to own corporate assets. A corporation is created upon filing Articles of Incorporation with the NC Department of the Secretary of State.

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2. How is a corporation created?

A North Carolina corporation is created by filing Articles of Incorporation with the Department.

3. What are the advantages and disadvantages of making your business a corporation?

We cannot give you legal advice. We can tell you that one general advantage of forming a corporation may be to protect your personal individual assets. Forming a corporation may also

protect you from someone else using the name of your business. There may be disadvantages to making your business a corporation. We recommend that you consult a lawyer or other adviser to help you decide if you should incorporate your business.

4. What is the difference between a Business Corporation and a Limited Liability Company (LLC)?

There are many differences between a LLC and a business corporation. The answers below provide general information about some of the differences. Please consult a lawyer or other adviser if you are trying to decide which kind of business entity you want.

A business corporation has a legal status or existence that is separate both from the individual(s) who forms it and its owners (stockholders). A business corporation has officers or directors. A corporation must file an annual report and pay an annual report fee to the Department. Forming a business corporation offers limited liability protection to protect shareholders' personal property.

A limited liability company (LLC) has some characteristics of partnerships and some characteristics of corporations. An LLC has members or managers. An LLC must file an annual report and pay an annual report fee to the Department. An LLC that may offer limited liability and special tax treatment to its members or managers.

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5. How many people does it take to form a non-profit corporation, a limited liability company or a business corporation?

One or more.

6. How do I incorporate my business in North Carolina?

The answers to this FAQ are general ones. For more detailed information and/or advice, you may want to consult with an attorney or other adviser about issues such as the kind of entity you want to incorporate your business to be.

The basic steps to incorporate a business in North Carolina are:

1. Decide what kind of entity you want to incorporate as. There are different kinds of entities you can create. Examples include: corporations, nonprofit corporations, limited liability companies.
2. Prepare Articles of Incorporation by either filling out the form provided on our website or hiring an attorney to create your Articles.
3. Submit the following to the Department:
 - * The completed Articles of Incorporation document
 - * The filing fee
 - * A cover sheet

5. The Corporations Division will review all your paperwork to make sure it is complete and has all required information. The Division will also email you a certified copy of the documents you file. You will get confirmation as soon as the document is filed. You will also get an electronic copy of the document for your corporation's files.

If there are questions about your paperwork, someone will contact you about the problem.

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7. What will I need to know before completing the Articles of Incorporation form?

You will need to know:

1. **The Corporation name:** You should be sure your corporation name includes at least one of these words or abbreviations:

Company, Corporation, Incorporated, Limited, Co., Corp, Inc. or Ltd.

2. **The Number of Shares of Stock:** You should consult with your attorney to determine how many shares of stock your company is authorized to issue. Remember that authorized capital is the number of shares your corporation can issue. Authorized capital does not necessarily mean the number of shares you have already issued or you plan to issue in the future.
3. **The Classes of stock:** You should consult with your attorney to decide if your corporation should have different classes of corporate stock. Generally, the two classes of stock are referred to as common stock and preferred stock. Most corporations issue only one class of stock which is common stock.

4. The Registered Agent Name and Office:

The registered agent for your corporation can either be an individual or another business corporation, nonprofit corporation or limited liability. If the registered agent for your corporation is an individual, that person must reside in North Carolina. If the registered agent for your corporation is or another business corporation, nonprofit corporation or limited liability company, it must be active on the records of the Department.

The Registered Agent must have a Registered Office. The Registered Office is the business address for the Registered Agent. The Registered Office must be located in North Carolina and have a physical address. You have to list both a mailing address and physical (geographic) address for your Registered Office if they are different. You must give a correct street address for your initial Registered Office.

5. The Principal Office Address:

- a. **The principal office of your corporation can be either of two locations:**

- * Where the business has its office or
- * Where the corporate records are kept if there is no business office.

b. If your corporation has a principal office when it is created, then your Articles of Incorporation have to include:

- * The complete street address of the principal office
- * The county in which the principal office is located.
- * The complete mailing address of the principal office if it is different from the street address.

NOTE: You will have to include a principal office location in your annual report.

6. The names and addresses of your company's incorporators: You have to list at least one incorporator for your corporation. You can list more than one incorporator. You have to get at least one of your listed incorporators to **signed the document you file with the Department**. You do not have to get the signature(s) notarized.

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8. Do I have to hire an attorney to incorporate?

No, but you should consult an attorney if you have any legal questions concerning your incorporation. Legal questions may relate to:

- * how your entity will be taxed
- * What liability the owners will have

You may need to consult other advisors about other issues not directly related to incorporation.

We will do everything we can to make the incorporation process as easy as we can for you. However, the Corporations Division can only act in an administrative capacity. We cannot offer you legal advice or opinion on your particular filing. We recommend that you consult with your own attorney and accountant during the incorporation process.

9. Can anyone sign the documents?

No, not just anyone can sign a document you want to file with the Division. Signing a document for filing is also called "executing" the document. The law is specific about who can sign a document you are required to file.

A document submitted on behalf of a corporation must be executed (signed) by:

1. The chair of its board of directors, its president or another of its officers;
2. An incorporator (if directors have not been selected or the corporation has not been formed);
or

3. By a fiduciary (if the corporation is in the hands of a receiver, trustee, or other court-appointed fiduciary).

NOTE: The Corporations Division will reject any document that is not signed by someone authorized by law to sign.

10. Where do I file my company's Articles of Incorporation?

You can mail your filing to the Corporations Division, N.C. Secretary of State, P.O. Box 29622, Raleigh, N.C. 27626-0622. If you want to deliver your Articles of Incorporation in person and need directions to our office, please call us at (919) 807-2000.

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