

# Legal Must Knows for Small Business

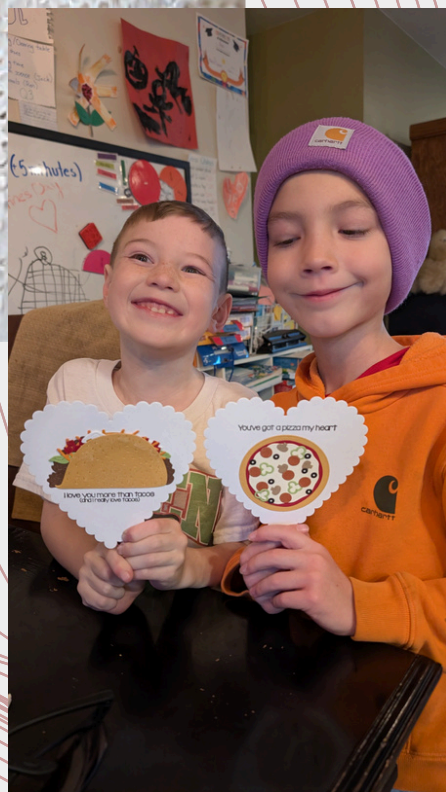
Created by





Let me introduce myself,  
my name is...

**Julie Grabbe**







## Honored to Serve the Best From Startups to Global 500 Giants! 🌟



At Grabbe Law, we believe in aiming for the stars and delivering excellence to every client, big or small.

I'm honored to have had the privilege to work with some of the world's most distinguished organizations, including Global 500 companies and other notable clients. 🌍

#ClientSuccess #Global500 #Fortune500 #Inc5000 #PartnersInSuccess #grabbelaw



Solo practitioner, Hays KS



JD St. Louis University School of Law;  
BA University of WI-Eau Claire



20+ years of experience in all areas of law



Practice areas-Trademarks + Business!  
Legal Counsel for FHSU, 23rd and 24th  
JD Court Trustee



Fun Facts: EDM beats, homeschool  
feats, teacher reach, farm wife,  
inspired life.



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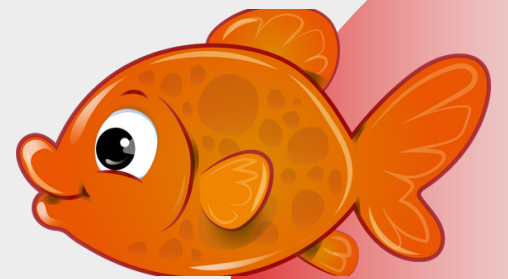
- Corporate Structures-Types & How to Choose
  - Common Questions/Mistakes
- 

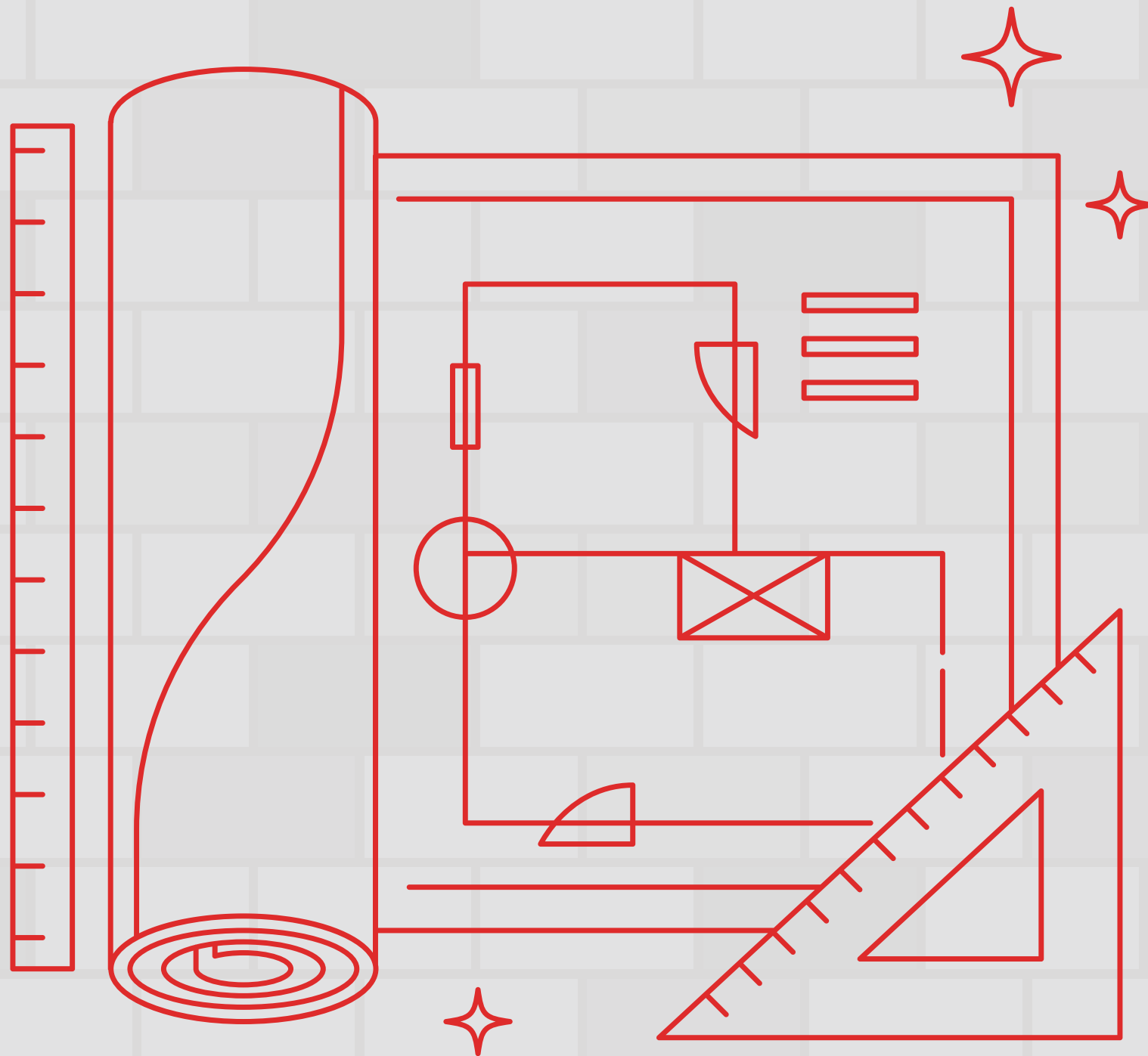


# **Disclaimer:**

because can a lawyer ever give information without one?

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**Legal**  
**Financial**  
**Operations**

**Strategic**  
**Goal alignment**

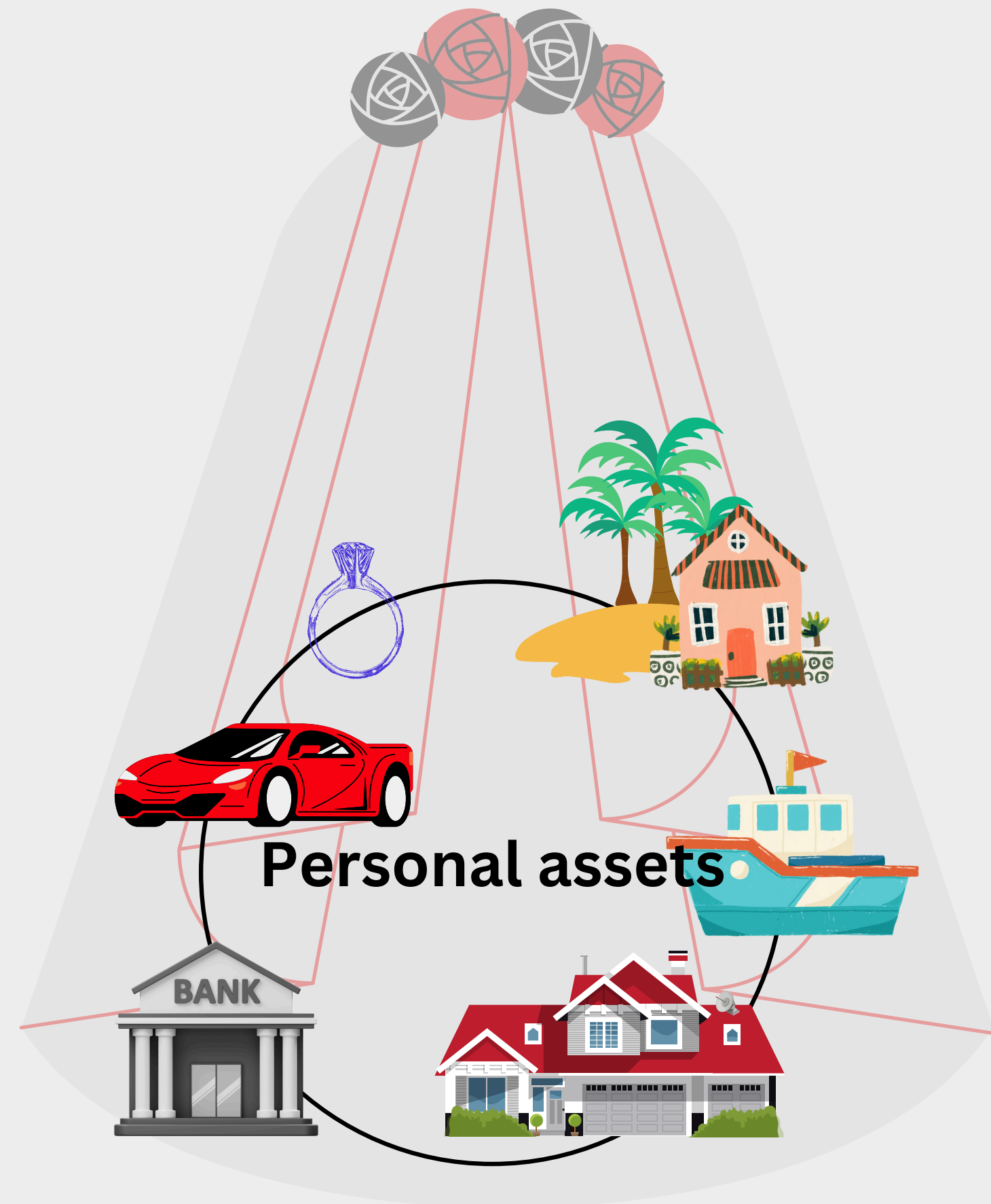
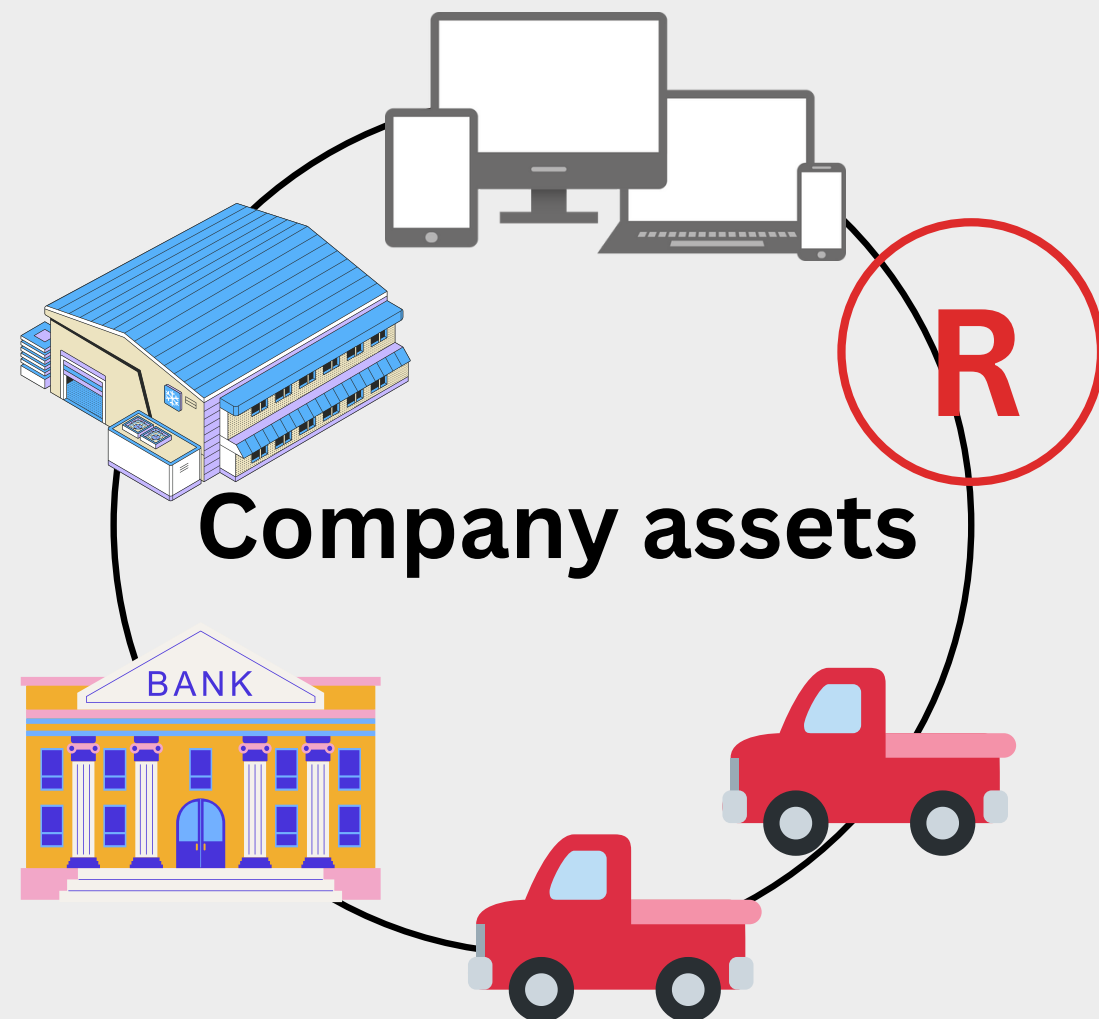
**Mitigate Risk**  
**Maximize Growth**



# Corporate Structures

## “Corporate Veil”

Business structure that allows a business to have separate legal liability from its owners/managers/shareholders.



# Business Structures



- Sole Proprietorship
- General Partnerships



- Limited Partnerships or Limited Liability Partnerships
- Limited Liability Company
- S-Corporation
- C-Corporation



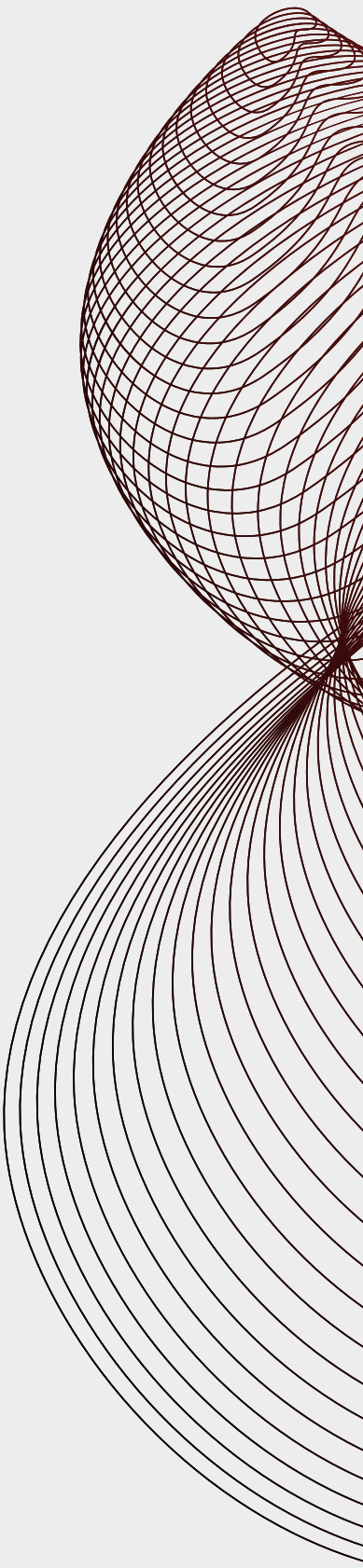
# Sole Props and GPs

## ➤ Sole Proprietorship

- one person
- default
- no filing

## ➤ General Partnerships

- more than one person (partner)
- default
- no filing
- formal or informal agreements
- Statement of Partnership Authority not required

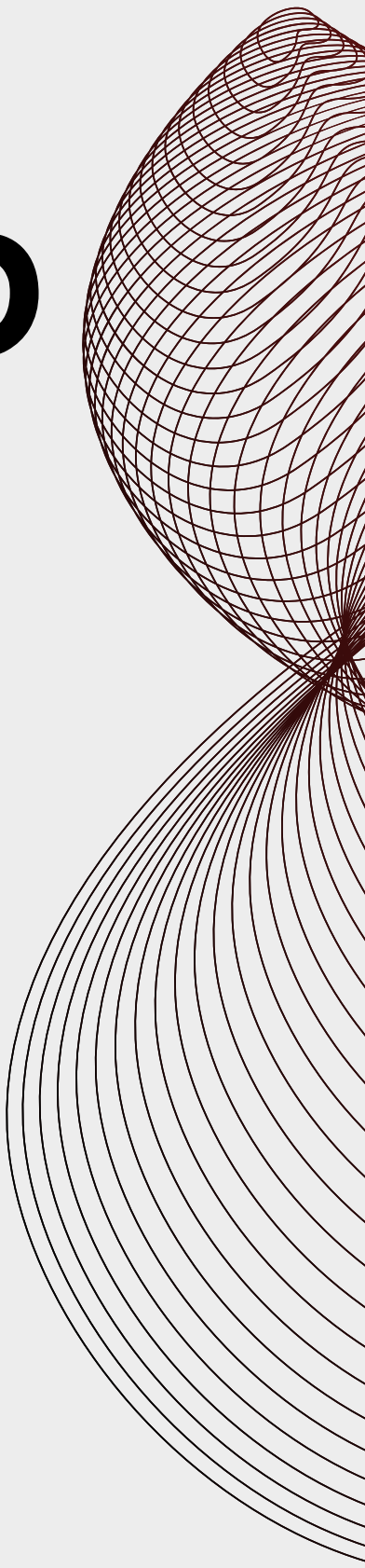


# Limited Partnerships

## Limited Liability Partnership



- more than one person
- filing required
- 2 classes -
  - limited partner - liability and profit percentage is limited
  - managing partner - involved in operations
- written partnership agreement (within the Partnership Act)
- Governed by KS Uniform Partnership Act
- requires information report
- Corporate veil-ish





# Professional Corporation (PC)



- governs those providing professional services requiring licensure
  - filing required
  - annual report
  - corporate veil
  - ownership limited to those holding licensure (qualified person)
  - business limited to the professional service
  - governed by KS Corporate law
- |  |                                     |  |
|--|-------------------------------------|--|
| • CPA                                      | • podiatrist                        | • clinical professional counselor          |
| • architect                                | • pharmacist                        | • geologist                                |
| • attorney                                 | • land surveyor                     | • clinical psychotherapist                 |
| • chiropractor                             | • licensed psychologist             | • a clinical marriage and family therapist |
| • dentist                                  | • specialist clinical social worker | • licensed audiologist                     |
| • engineer                                 | • licensed physical therapist       | • licensed speech-pathologist;             |
| • optometrist                              | • landscape architect               | • and                                      |
| • osteopathic or medical physician/surgeon | • registered professional nurse     | • licensed naturopathic doctor             |
| • veterinarian                             | • real estate broker or salesperson |  |


# Limited Liability Corporation



- KS revised Limited Liability Company Act K.S.A. 17-7662--17-76,142
- most flexible
- file Articles of *Organization* with KS SOS
- Written Operating Agreement not required (but ...banking)
- registered agent
- unlimited shareholders
- information report
- corporate veil
- multiple classes of ownership allowed-
  - limited partner - liability and profit percentage is limited
  - managing partner - involved in operations
- managed by members or managers
- taxation flexibility (pass through or corp taxation)



# Corporations

- 
- KS General Corporation Code K.S.A. 17-6001--6016
  - file Articles of *Incorporation* with KS SOS
  - Incorporator/s, Board of Director/s, Shareholders
  - written Bylaws
  - designate auth to issue stock (or not), classes (voting vs. non-voting), how much, and par value
  - information report
  - corporate veil
  
  - **S-Corp:** Limits: max 100 shareholders, US Citizen, shareholder type (no corp.), one class of stock, business types (no financial institutions/ insurance co. etc.) PASS THROUGH TAXATION /F ELECT IRS Form 2553
  - **C-Corp:** Unlimited shareholder number, domicile, type, classes of stock, business types. CORPORATE TAXATION IS DEFAULT CLASSIFICATION

# Taxes

- Pass through



- profit/loss is passed through to partner/member/shareholder's personal tax return (i.e.-no taxation at corporate level)
- owner's tax rate is lower than the corporate tax rate
- consider: phantom income
- consider: salary vs. distribution

- Corporate

- “double taxation” corporation is taxed on profits, shareholders are taxed salary (income tax and FICA) and on distributions (no FICA)
- investing profits back into company
- fundraising venture capitalists, IPO, offering equity

**always consult with a tax  
professional**

# How to Choose

- 
- Initial formation costs (SOS filing fees, attorney's fees for operating agreements, etc.)
  - Compliance requirements
    - annual reports
    - quarterly income taxes
    - franchise fees (shares x par value in some states)
    - applicable business/licensure fees
    - corporate owned real and personal property filings and taxes
  - Preferred governance structure
  - Goals - long and short term
  - Taxation preferences-including IRC 1202 stock sales capital gains
  - Fundraising
  - Choice of law
- 



# Common Questions

## What's the deal with Delaware?

- Consider
  - relationship
  - additional fees and taxes
  - available business structures
  - differences in state law relevant to your business



# Common Questions

**What are we doing with the #@\$\*! CTA**

**Domestic companies no longer have reporting requirements.**



**Only entities defined as “foreign reporting companies” must report BOI\*.**

**4/25/25 Deadline**

*\*with some exemptions*

# Common Questions

## What's a reasonable salary?

- 60/40 Rule
- Reasonable is subjective and specific to you

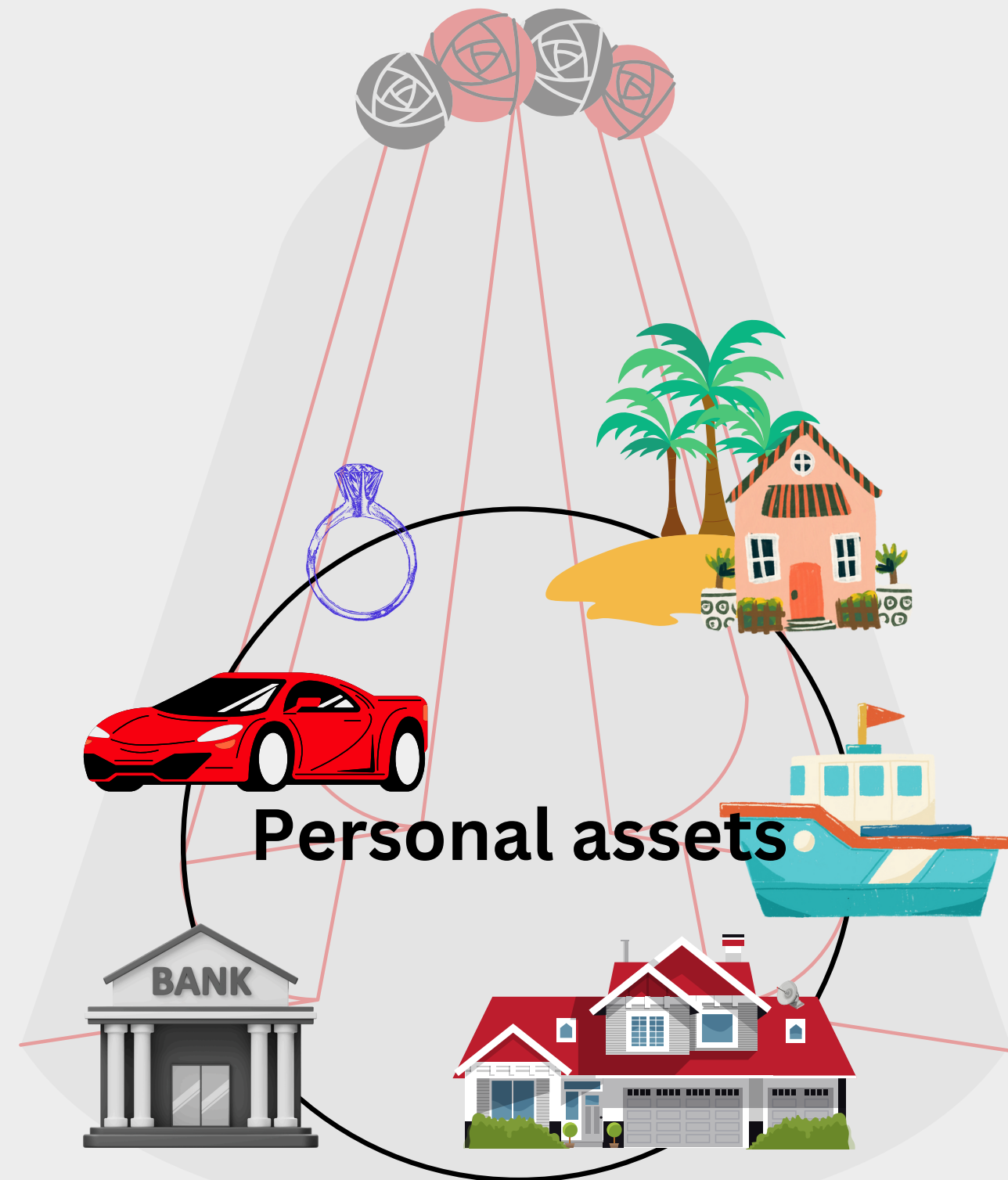




# Common Questions

It's just me, why do I need all this stuff?

**ROI**



# Common Questions

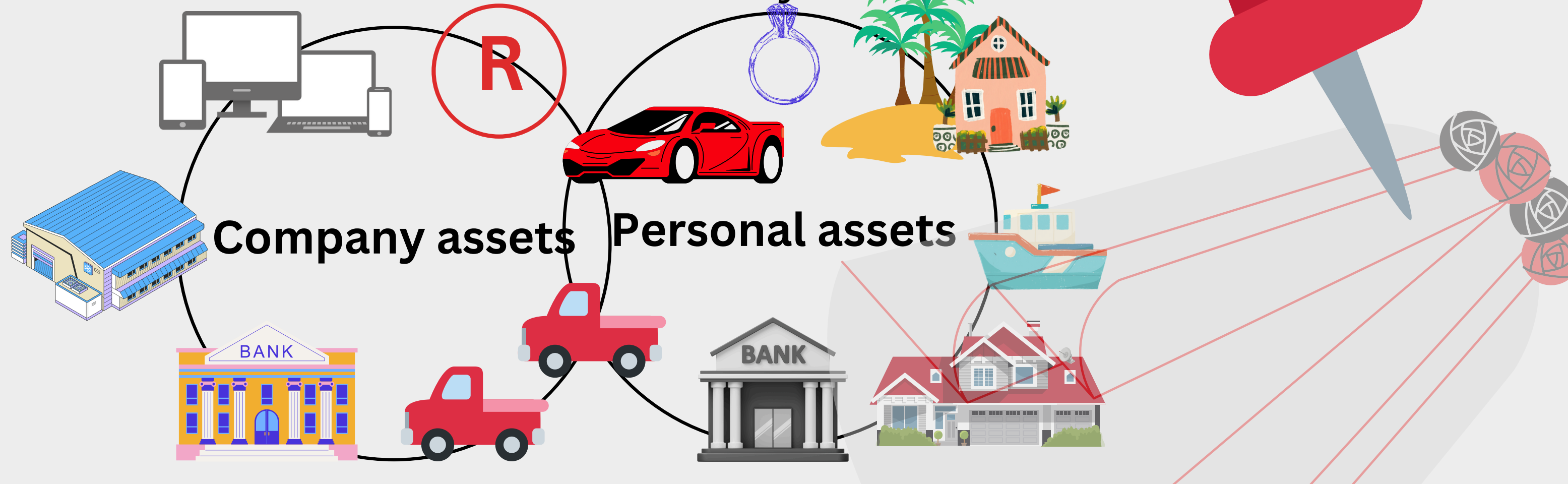
I'm completely protected because i have an entity, right?

Fraud, wrongdoing, misuse of corporate structure, evading legal obligations  
capitalization

failure to observe formalities

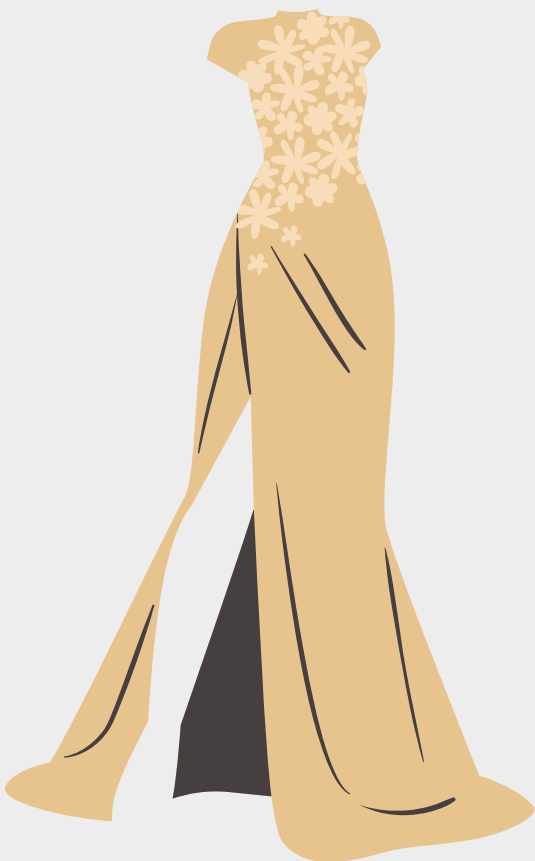
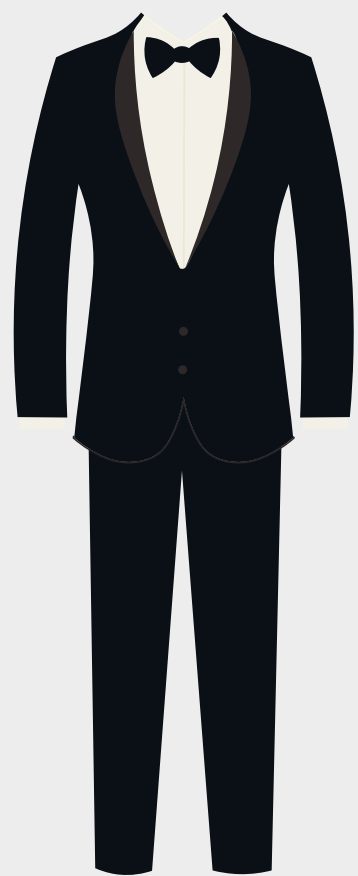
comingling funds

mere instrumentality



# Common Questions

**Wait, we don't have a paper trail for that...**



**Have written rules.  
Follow the rules.  
Document that you followed the rules.**





# Common Questions

What are the rules for how my business is run?



*Review*  
*Review*  
*Review*



# **Common Questions**

**How can we revise our corporate structure?**

Dissolve or Convert

**always consult with a tax  
professional**

# Common Questions

## DBAs?

- Registration of DBAs not required in Kansas.
- Consider
  - practical issues including banking, taxes, contracts
  - name clearance (avoid C+D) and trademarking
  - ABC Corp. d/b/a The Lolly Holly Golly
- Change Name?
  - File BEA with KS SoS (\$35)
  - File Name change with the IRS (may require new EIN)
  - Update contracts, banking, licensing, etc.



# Common Questions

speaking of names...do you own your business name?



**I registered my business with the Secretary of State**



**I have the domain (the .com, .org, .io)**



**I have a creative/unique name or logo**



**I have the social media handle**



**I've been using this name locally for years**



**I've have all of these**

# Failure to protect your Intellectual Property

POV: Your competition  
when you don't have a Trademark





# **Failure to protect your name/logo?**

- **Ensure that your name is not already in use**
- **Protect against costly infringement lawsuits**
- **Protect against forced rebranding**
- **Put others on notice that your name is in use!**
- **BRAND is how we communicate to customers who we are and what we do**
- **Requirement for Amazon, IG, Google, FB, TT and for other take-downs**
- **Ammo to fight imitations and cheap knockoffs (What's your reputation worth?)**

# Did you learn at least one thing today?





**30 min Business**  
**Formations**

**\$138**

**(normally 198)**



**Complementary**  
**Strategy Session**  
**on Trademarks**

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**THANKYOU**