



## GROCE LAW FIRM, LTD

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# WHO NEEDS THEIR OWN COMPANY?

The Groce Law Firm works with business owners of all shapes and sizes. We have helped hundreds of people start new businesses or incorporate their existing business. Following is a list of reasons why a person would want to use a company structure like an LLC or S Corporation. If any of these concerns apply to you, please call or e-mail for a free consultation. **We make setting up a new business simple and easy.**

- I. **EMPLOYEES:** The general rule of law is that everyone is liable for their own acts. Unfortunately, when you are an employer, you become personally liable for the acts of your employees. If you create a company and the company becomes the employer, then your company and not you is liable for the acts of your employees. Consider, the more employees you have, the more risk and exposure you have.
- II. **BUSINESS LIABILITY:** Every business contains risk, whether it is the risk of selling a defective product or someone doing something wrong. Business includes risk. When a company manufactures or sells a product or service, the company and not the owner is responsible for any of the risks that come out of that business. The goal is to limit your liability. A properly structured entity gives you a “corporate shield” to protect you and your personal assets from the risks of doing business.
- III. **MULTIPLE OWNERS:** If two or more people want to start and run a business, we recommend that they use a business entity, like an LLC. We all understand being responsible for our own actions. And, we can understand the idea that a company is responsible for the actions of its employees. However, did you know that partners in a general partnership are fully liable and responsible for the actions of the other partner? This can have disastrous consequences for the uninformed partner. Under Texas law, each partner is fully liable for the action of the other partner. However, if the partners create and use a business entity, like an LLC, to do business, each partner’s risk is limited.
- IV. **TAX SAVINGS:** For people doing a hobby or testing the waters in a new business enterprise, filing taxes as a sole-proprietorship on Schedule C may be sufficient. However, for businesses that are growing, a properly formed entity can give the business owners significant tax advantages over the Schedule C business structure. Additionally, we have helped numerous clients save money by restructuring their existing business for maximum tax advantage.
- V. **ENTITY COMPARISON:** On the back side is a chart comparing the various business entity structures.

**FOR A FREE CONSULTATION ABOUT HOW A BUSINESS ENTITY COULD HELP YOU, CALL 817-284-4747.**