**Why an LLC?**

**Why set up an LLC? Because it is inexpensive and hassle-free!**
In many cases, the answer to “Why set up an LLC?” will be “Because it was easier and less expensive than forming a C Corporation or an S Corporation.” When you calculate how much time and money different solutions will cost you, you should not only take initial costs into consideration. Always look at the long time effects of available business entities to find the right one for you.

The LLC was created with the small business owner in mind, so if you are a small-scale entrepreneur, you can often save quite a lot of time, energy and money by opting for an LLC construction rather than creating a C Corporation or an S Corporation. The amount of mandatory recordkeeping is for instance considerably lower for an LLC and members (owners) of an LLC tend to spend less time on administrative work and more time on actually earning money for their enterprise.

With an LLC, you do not have to involve any other person if you do not want to, since an LLC can be formed by one single person. Two other advantages of the LLC are that you never have to relinquish any control over your company to a board of directors, and since there are no shareholders (only members) there are no legal requirements for annual general meetings for shareholders.

**Why set up an LLC? To protect private assets!**
A simple partnership may seem like a good idea since it is easy and straightforward, but are you willing to loose your house when the market shifts and your company is no longer able to carry its own debts? Generally speaking, the owner (member) of an LLC has no more than a limited liability for debts acquired by the LLC. The same is true for acts carried out by the LLC. Setting up an LLC is therefore a great way of protecting private assets by resuming no more than a limited liability.

**Why set up an LLC? To avoid double-taxation!**
Most other business entities constitute separate taxable entities, hence pay their own taxes. In an LLC, profits and losses are passed through to the members (owners) and each member will pay the tax. If you for instance opt for a C Corporation instead of an LLC, situations can arise where money will be taxed twice – first when the corporation is taxed and secondly when you withdraw money from the corporation. For many aspiring entrepreneurs out there the answer to “Why set up an LLC?” is simply “To keep more money!”.

LLCs in California may have to pay a minimum $800 yearly

tax to the California Franchise Tax Board.