

Setting up a Business in Kentucky

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When it comes to [setting up a business](#), it is important to put careful thought into the particular form the business will take. The business form one chooses affects various aspects of the business, including the personal liability of the business owners for company liabilities, the way the business and its owners are taxed, and how ownership works.

There are several common business forms one can select from, depending on the type of business one plans on building and the goals of its operation. Sole proprietorships, rather than being a separate entity, operate as the business owner himself or herself. Although sole proprietorships involve the least amount of red tape in terms of legal responsibilities, owners are fully responsible for the company's liabilities.

A partnership, which is the default business form when two or more owners are involved, is like a sole proprietorship in terms of the ease of setting them up, but it is important for owners to be aware that they can end up being liable for the mishaps of their partners. Limited liability partnerships, on the other hand, do afford liability protection. Limited liability companies also afford liability protection, but with some of the benefits of the corporate business form. Corporations, of course, do involve more legwork in terms of paperwork and business filings.

Regardless of the business form one goes with, there are certain ongoing obligations that apply to all businesses, including corporations, limited partnerships, limited liability companies and business trusts. In particular, every Kentucky business must file an annual by the end of June. Failure to do so can lead to a business acquiring bad standing and risking either dissolution or revocation of the ability to conduct business in Kentucky.

Those who are just starting up a business in Kentucky should be sure to work closely with appropriate professionals throughout the process, including an experienced attorney, to ensure they select the appropriate business form and that they understand how to comply with their ongoing obligations.

Source: Kentucky Secretary of State Alison Lundergan Grimes, "[Business Filings](#)," Accessed October 22, 2014.

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