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Company formation

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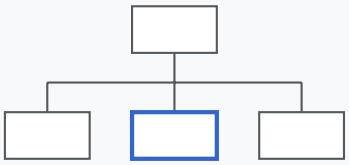

Also called	Incorporation, company registration
Handled by	National or state business registry
Key document	Articles of incorporation
Typical result	A separate legal person

Company formation (also **incorporation** or **company registration**) is the legal process of creating a business entity that exists separately from its owners. Once formed, a company can usually own property, sign contracts, sue and be sued, and continue to exist when its owners change.

Formation is governed by national law, and in federal countries such as the United States, by state law. The details differ, but most systems follow the same broad pattern described below.

Overview

Founders form a company mainly to separate business risk from personal assets, through limited liability. A registered company can also be easier to raise money for, sell or pass on, and may be taxed differently from an individual trader.

Typical steps

1. Choose a business structure.
2. Choose and check an available company name.
3. Provide a registered office address or appoint a registered agent.
4. Name the first directors, members or officers, and the owners.
5. Prepare the constitutional documents, such as articles of incorporation.
6. File with the registry and pay the fee.
7. Register for tax and, where needed, open a business bank account.

Choosing a structure

The main choices are between unincorporated forms, such as the Sole proprietorship and the general Partnership, and incorporated forms such as the limited liability company and the Corporation. Incorporated forms offer liability protection in exchange for more paperwork and public disclosure.

After formation

Most companies must keep statutory records, file annual reports or confirmation statements, prepare accounts and file tax returns. Failure to file can lead to fines and, eventually, removal from the register.

See also

- Business structures
- Company formation in the United Kingdom
- Company formation in the United States
- Company formation in Poland
- All country guides
- Comparison by country

Frequently asked questions

What does it mean to form or incorporate a company?

It means registering a business with the official registry so that it becomes a separate legal person, able to own property, sign contracts and be sued in its own name.

Do I need a lawyer or a notary?

It depends on the country. In the UK, Estonia and Singapore companies are usually registered online without one, while Germany, the Netherlands and Switzerland require a notary.

Can I form a company in a country where I don't live?

Often yes, but some countries require a locally resident director or representative, a local address, or both. See the comparison by country.

What do I need to do after the company is formed?

Typically: register for tax, open a business bank account, keep statutory records, and file annual returns and accounts on time.

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