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If you are serious about your business...incorporate

## SMALL BUSINESS REVIEW

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Editor

### *Attention! Independent Contractors Five Important Reasons to Incorporate Your Business Now*

#### INTRODUCTION:

The American workplace is shifting dramatically as millions of company employees choose to become part-time (or full-time) Independent Contractors.

The ranks of these new Business Owners are increasing every day.

We all understand the joys of Self-Employment –

No Boss... Flexible Hours... Lower Taxes...Casual Dress... The Ability to make your own Decisions about your Livelihood...

**Many Independent Contractors are not fully aware of the potential tax advantages and liability risks of operating their own businesses.** The Question & Answer section below can help guide you through some of the critical issues facing every self-employed Independent Contractor.

#### Q & A:

**Q: What are some of the most important goals that each Independent Contractor must reach?**

A: Establishing credibility for the enterprise.... Protecting personal assets from business related lawsuits ... Paying the lowest legally acceptable level of taxes on the company's profits.

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**Q: Does establishing a corporation (or LLC) help achieve these goals?**

A: Absolutely. There are 5 primary reasons why Independent Contractors typically decide to incorporate.

1. With a corporation, the Business Owner establishes instant credibility for his venture. He (or she) is now the President of a company that is properly structured to generate respect from customers, suppliers, banks, investors, lenders and others.
2. The corporation provides a protective wall that shields the Business Owner's personal assets if his corporation becomes the target of lawsuits that are related to company activities. The Independent Contractor's home, cash, retirement savings and other assets cannot normally be confiscated to satisfy a legal judgement against his (or her) corporation.
3. An incorporated business can operate very easily out of the Independent Contractor's personal residence. This "Home Office" arrangement can create valuable business deductions that reduce the amount of income taxes that are payable to the Federal and Local Government at year-end.

A sound corporate structure also provides valuable tax deductions for health insurance, telephone, travel, entertainment and other legitimate expenses that help reduce the company's tax bill.



4. If the Independent Contractor performs work for a small number of clients, the corporation can help prevent him (or her) from being treated as a company employee for income tax purposes. This is a very important distinction because when the Independent Contractor is incorporated, his clients are not generally obligated to withhold the income (and FICA) taxes that are applied to employee wages.
5. The corporation (or LLC) structure normally reduces the Independent Contractor's business insurance and liability costs. Remember, if your personal assets are protected from your company's lawsuits, you have fewer assets to insure and less premiums to pay.

**Inc. Plan (USA), Inc. has helped thousands of independent contractors form Corporations and Limited Liability Companies in 50 states since 1990. We welcome the opportunity to assist you with your specific needs as an entrepreneur.**

**Our company is on-line with the Secretary of State's office in Delaware. We can be reached at 1-800-462-4633, 302-428-1200 or at [info@incplan.net](mailto:info@incplan.net).**

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