

### Illinois Startup & Compliance Checklist

Starting a business is an exciting milestone but navigating the legal steps of forming and maintaining an Illinois LLC can feel overwhelming. This free checklist is designed to make the process easier by breaking down every major requirement into simple, plain-English tasks you can check off as you go. From filing your formation documents to handling taxes, keeping records, and staying compliant year after year, this guide walks you through what to do and why it matters. It's a practical, easy-to-follow resource built to help new business owners stay organized and confident.

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#### **Step 1. Choose and Register a Name**

##### ☐ **Choose a Name for Your LLC**

- Make sure your LLC name is distinguishable from existing businesses and ends with 'LLC', 'L.L.C.', or 'Limited Liability Company'.
  - Avoid restricted words (like 'Inc.' or 'Bank') unless authorized.
  - Search name availability on the Illinois Secretary of State's website.
  - You may reserve a name for 90 days for a \$25 fee using Form LLC-1.15.
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#### **Step 2. Appoint Your Illinois Registered Agent**

##### ☐ **Appoint a Registered Agent**

- Designate a registered agent with a physical address in Illinois.
  - This agent will receive legal documents on behalf of the LLC.
  - You can act as your own agent, but your information becomes public record.
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#### **Step 3. File the Articles of Organization (Form LLC 5.5)**

##### ☐ **File Articles of Organization (Form LLC-5.5)**

- Submit the Articles of Organization with the Illinois Secretary of State either online (if eligible) or by mail.
  - Include the LLC's name, purpose, registered agent, and management structure.
  - Standard filing fee is \$150, with an additional \$100 for expedited service.
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**Step 4. Day-1 to Day-30 Punch List**

☐ **Draft Operating Agreement**

- Although not legally required in Illinois, a written operating agreement is strongly recommended.
- It outlines ownership, roles, profit sharing, and dispute resolution.
- This document protects your limited liability status and helps prevent internal conflicts.

☐ **Obtain an EIN (Employer Identification Number)**

- Apply for a free EIN from the IRS online.
- It's required to open a business bank account, file taxes, or hire employees.
- See our [Step-By-Step Guide](#) to getting your EIN!

☐ **Register with the Illinois Department of Revenue**

- If your LLC sells taxable goods or services, or hires employees, register with the Department of Revenue at [mytax.illinois.gov](https://mytax.illinois.gov) to obtain a state tax ID.

☐ **Check for Local Licenses and Permits**

- Contact your city or county clerk to find out if your business needs local licenses or permits.
- If you're offering professional services, register as a PLLC and obtain certification from the Illinois Department of Financial and Professional Regulation.

☐ **Open a Business Bank Account**

- Bring your EIN, Articles of Organization, and Operating Agreement to open a dedicated business checking account.
  - This helps separate business and personal finances and protects your liability shield.
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**Step 5. Know Your Governance & Voting Basics**

Company Action	Default Rule Under Illinois Law	How to Change It...
<b>Routine business decisions</b>	Majority of members (member-managed) or majority of managers (manager-managed) (805 ILCS 180/15-1(b))	Modify in the Operating Agreement
<b>Big decisions (e.g., merger, sale of all assets, dissolution)</b>	<b>Unanimous member consent</b> required unless Operating Agreement provides otherwise (805 ILCS 180/15-1(d))	You can raise or lower the approval threshold in the Operating Agreement
<b>Adding a new owner</b>	Requires unanimous member approval unless otherwise stated in the Operating Agreement (805 ILCS 180/10-1(a)(2))	Lower the threshold in the Operating Agreement
<b>Amending the Operating Agreement or Articles</b>	Operating Agreement: unanimous member approval unless stated otherwise (805 ILCS 180/15-5(a))   Articles: unanimous unless Operating Agreement says otherwise (805 ILCS 180/15-1(d)(2))	You can relax Operating Agreement amendment rules, but most Article amendments require member consent

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**Step 6. Money Rules**

☐ **Record Capital Contributions**

- Record each owner's capital contribution (cash, property, or services) in a capital contribution ledger – required to be maintained under 805 ILCS 180/1-40.

☐ **Distribute Funds to Members**

- Distributions must be made equally among members unless your Operating Agreement says otherwise (805 ILCS 180/25-1(a)).
  - Do not distribute funds if it would make the LLC insolvent.
  - Managers or members who approve an unlawful distribution may be personally liable (805 ILCS 180/25-35).
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**Step 7. Protect the Liability Shield**

☐ **Keep your business and personal finances separate.**

- Sign contracts in the LLC's name and properly document decisions to maintain limited liability protection and avoid veil piercing (805 ILCS 180/10-10(c)).

☐ **Decide whether the LLC will indemnify members or managers.**

- This can be addressed in your Operating Agreement.
- Illinois generally **requires reimbursement or indemnification** unless the member/manager violated fiduciary duties (805 ILCS 180/15-7).

☐ **Consider D&O insurance** for added protection.

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**Step 8. Maintain Mandatory Records**

☐ **Store records at your LLC's principal place of business** (805 ILCS 180/1-40(a)):

- Articles of Organization and amendments
- Operating Agreement
- List of members, contributions, and contact information
- Federal, state, and local tax returns (past 3 years)
- Financial statements (past 3 years)
- Any executed powers of attorney

☐ **Members and assignees have inspection rights.**

- Upon written request and for a proper purpose, members may inspect and copy company records (805 ILCS 180/1-40(b)-(d)).

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### **Step 9. Stay in Good Standing Every Year**

- ☐ File your Annual Report (Form LLC-50.1) with the Illinois Secretary of State each year before your anniversary month.
  - The filing fee is \$75, with a \$100 late penalty (805 ILCS 180/50-1, 50-10).
- ☐ Maintain a current registered agent and registered office.
  - Failure to do so can result in administrative dissolution (805 ILCS 180/35-25).
- ☐ Track renewal deadlines for any assumed business names (valid for 5 years), licenses, or permits.
- ☐ Corporate Transparency Act (CTA): As of 2024, most Illinois LLCs must file Beneficial Ownership Information (BOI) reports with FinCEN. Stay current at [fincen.gov/boi](https://fincen.gov/boi).

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### **Step 10. Handling Big Structural Moves**

#### ***Merger or Conversion***

- ☐ Draft a plan of merger or conversion
  - Get **unanimous member approval** (unless your Operating Agreement says otherwise) (805 ILCS 180/37-21, 415/203).
- ☐ File Required Documents
  - **Articles of Merger (Form LLC-37.25)** – \$50 per merging entity
  - **Statement of Conversion (Form EOA 205)** – \$100
  - Use expedited service if needed (+\$200)

#### ***Amend Certificate of Formation***

- ☐ Requires member approval (default: unanimous)
- ☐ File **Articles of Amendment (Form LLC-5.25)** with a \$50 fee (805 ILCS 180/5-25)

#### ***Add a New Protected “Series” (Series LLC)***

- ☐ Adopt series language in Operating Agreement and update internal records; no SOS filing needed unless you want a *registered* series.

#### ***Wind Up and Terminate***

- ☐ Get unanimous member approval to dissolve (805 ILCS 180/35-1(a))
  - ☐ Settle debts and obligations
  - ☐ File **Statement of Termination (Form LLC-35.15)** – \$5 fee
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**Step 11. If You Miss a Deadline - How to Fix it**

- ☐ Correct the issue (e.g., file overdue annual reports, update registered agent)
- ☐ File “Application for Reinstatement” (Form LLC-35.40/45.65)
- ☐ Pay all back fees and penalties
- ☐ Pay filing fee: \$100

**Note:** *If your LLC was dissolved for tax reasons, you may also need clearance from the Illinois Department of Revenue before reinstatement is granted.*

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**12. Doing Business Outside Illinois**

- ☐ **Register an Assumed Business Name (if applicable)**
    - If you’ll operate under a name different from your LLC’s legal name, file for an assumed name with the Secretary of State.
    - Fees vary depending on the filing year.
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