



## STARTING A BUSINESS IN FLORIDA

# Your LLC, your tax choice, and everything that comes after.

A plain-English guide for new business owners: what an LLC is, how to set one up with the State of Florida, which tax classification fits, and the deadlines you'll need to keep each year.

### THE ONE THING TO REMEMBER

An LLC is a legal structure. An S Corporation is a tax choice. You form the LLC with the State of Florida for liability protection, then decide separately with the IRS how it gets taxed.

## LLC BASICS

# What an LLC does, and what it doesn't

A Limited Liability Company (LLC) is a business you register with the Florida Division of Corporations (Sunbiz). It separates your business from you personally. It does not, by itself, lower your taxes.

### WHAT IT DOES

#### Protects your personal assets

If the business is sued or owes money, your home, car and personal savings are generally kept separate, as long as you keep business and personal money apart and sign contracts in the company's name.

It also gives you a professional public record, makes it easier to open a business bank account, and lets you add partners later.

### WHAT IT DOESN'T DO

#### Pick your tax treatment automatically

The IRS ignores the LLC label. A one-owner LLC is taxed like a sole proprietor and a two-or-more-owner LLC like a partnership, unless you elect to be taxed as an S Corporation.

That election is where real tax savings can come from, and it's the decision we help you make.

## SETUP STEPS

# From idea to open for business

This is the order we follow with every new client. Steps marked **We handle** are included in our LLC Launch package.

- 1 Check that your name is available**

Your name must be distinguishable from every other Florida business on Sunbiz and end in "LLC" or "Limited Liability Company."

We handle
- 2 File Articles of Organization with Florida**

Filed online at Sunbiz.org. You'll need a principal address, a registered agent with a Florida street address, and the names of the people who manage the LLC. State fee: \$125.

We handle
- 3 Get your EIN from the IRS**

Your Employer Identification Number is the business's tax ID. You'll use it for the bank, payroll and tax returns. Free from the IRS.

We handle
- 4 Open a business bank account**

Bring your filed Articles and EIN letter. Run every business dollar through this account. Mixing personal and business money can weaken your liability protection.

You do this
- 5 Choose your tax classification**

Stay with the default (sole proprietor or partnership) or elect S Corporation status on IRS Form 2553. We review your expected profit with you and recommend one.

We advise & file
- 6 Get local and state registrations**

Most businesses need a Local Business Tax Receipt from their county and city. If you sell taxable goods or services, register for Florida sales tax. If you'll have employees, register for Florida reemployment tax.

Depends on your business
- 7 Set up bookkeeping and keep your calendar**

Record income and expenses monthly and file the Florida Annual Report every year between January 1 and May 1.

Ongoing · we can do this for you

# Default LLC or S Corporation?

Florida has no state personal income tax, so the decision comes down to federal taxes, mainly self-employment tax (Social Security and Medicare at 15.3%).

|                     | Single-member LLC<br>(taxed as sole proprietor)       | Multi-member LLC<br>(taxed as partnership) | LLC taxed as S Corporation                                                     |
|---------------------|-------------------------------------------------------|--------------------------------------------|--------------------------------------------------------------------------------|
| How profit is taxed | All profit flows to your personal return (Schedule C) | Profit split among owners on Schedule K-1  | You take a salary through payroll; remaining profit flows to you on a K-1      |
| Self-employment tax | 15.3% on nearly all profit                            | 15.3% on each active owner's share         | 15.3% only on your salary, not on the remaining profit                         |
| Payroll required    | No                                                    | No                                         | Yes. Owners who work in the business must pay themselves a reasonable salary   |
| Business tax return | None. Included in your Form 1040                      | Form 1065, due March 15                    | Form 1120-S, due March 15                                                      |
| Paperwork           | Lowest                                                | Moderate                                   | Highest: payroll filings, separate return, tighter bookkeeping                 |
| Usually fits when   | You're just starting or profit is modest              | You have partners and profit is modest     | Profit is steady and high enough that the tax savings outweigh the extra costs |

## Hypothetical example: \$100,000 of net profit

| DEFAULT LLC                 |            | S CORPORATION                     |           |
|-----------------------------|------------|-----------------------------------|-----------|
| Net profit                  | \$100,000  | Reasonable salary                 | \$50,000  |
| Taxable portion (92.35%)    | \$92,350   | Remaining profit (no payroll tax) | \$50,000  |
| Self-employment tax (15.3%) | ≈ \$14,130 | Payroll taxes on salary (15.3%)   | ≈ \$7,650 |

## About \$6,500 less in payroll and self-employment tax

Before subtracting the added costs of running payroll, a separate business return, and Florida reemployment tax. Income tax applies to the full profit either way. This is a simplified illustration; the right salary and the real savings depend on your industry and numbers, which is what we review with you.

YEARLY DEADLINES

# What you'll need to keep up with

Dates that fall on a weekend or holiday move to the next business day.

EVERY LLC

- Jan 31 Send 1099-NEC forms to contractors you paid \$2,000 or more during the year
- May 1 Florida Annual Report on Sunbiz (\$138.75; \$400 late fee after May 1)
- Sep 30 Renew your Local Business Tax Receipt
- Monthly Bookkeeping and bank reconciliation

DEFAULT LLC

- Apr 15 Personal return (Form 1040 with Schedule C); multi-member LLCs file Form 1065 by Mar 15
- Quarterly Estimated tax payments: Apr 15, Jun 15, Sep 15, Jan 15

S CORPORATION

- Mar 15 S Corporation return (Form 1120-S) and owner K-1s
- Each payday Run payroll and deposit federal payroll taxes
- Quarterly Form 941 and Florida RT-6 reemployment tax: Apr 30, Jul 31, Oct 31, Jan 31
- Jan 31 W-2s to employees (including you) and Form 940
- Mar 15 Deadline to file Form 2553 if you want the S election to start this calendar year

## COSTS

# What it costs to get started

State fees are set by Florida and paid by every LLC, whoever files. Our fee covers the work on top.

### Florida & IRS fees

|                                       |                 |
|---------------------------------------|-----------------|
| Articles of Organization              | \$100.00        |
| Registered agent designation          | \$25.00         |
| EIN from the IRS                      | \$0.00          |
| S Corporation election (Form 2553)    | \$0.00          |
| <b>Required to form your LLC</b>      | <b>\$125.00</b> |
| Certified copy of Articles (optional) | \$30.00         |
| Certificate of status (optional)      | \$5.00          |
| Fictitious name / DBA (if needed)     | \$50.00         |
| Annual Report, every year after       | \$138.75        |

Local Business Tax Receipt fees vary by county and city.

### ESPARZA CPA · LLC LAUNCH

**\$250** plus state fees

- Business name availability check
- Articles of Organization filed with Florida
- EIN obtained from the IRS
- Tax classification review with a CPA
- Form 2553 filed if S Corporation is right for you
- Your first-year deadline calendar

Typical total to get started: **\$375**  
(\$250 + \$125 state filing fee)

## FAQ

# Questions we hear most

### ▼ Do I need an LLC, or can I stay a sole proprietor?

You can operate as a sole proprietor with no state filing. The LLC adds liability protection and credibility for \$125 plus \$138.75 a year. For most businesses with customers, contracts or employees, we recommend it.

### ▼ When should I switch to an S Corporation?

Often once your profit is steady and comfortably above what a reasonable salary for your work would be. Below that point, the added payroll and filing costs can cancel out the savings. We run the numbers with you each year.

### ▼ Can I be my own registered agent?

Yes, if you have a Florida street address (not a P.O. box) where you can accept legal papers during business hours. Your address will be on the public record.

### ▼ Does Florida tax my LLC's income?

Florida has no personal income tax, so profit from a default LLC or an S Corporation is generally not taxed by the state. Florida corporate income tax applies mainly to C Corporations.

### ▼ Do I need to file a Beneficial Ownership (BOI) report?

Not for companies formed in the United States. FinCEN removed that requirement for U.S. companies in March 2025.

### ▼ Is there a good time of year to form?

If you form between October and December, you can choose a January 1 effective date. Your LLC then starts with the new year, and your first Annual Report isn't due until the following year.

## Ready to start your LLC?

Email us with your business name idea and what you'll be selling. We'll schedule a short call to review your tax options and get you filed.

[info@ecpaflorida.com](mailto:info@ecpaflorida.com)

[Visit ecpaflorida.com](https://ecpaflorida.com)

### Important information

- **General information only.** This guide is for educational purposes. It is not tax, legal, accounting or financial advice, and it should not be relied on for decisions about your specific situation.
- **No client relationship.** Reading this guide or contacting us does not make you a client of Esparza CPA & Associates, PA. A client relationship begins only when we both sign an engagement letter.
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