

# How to Form an LLC in California

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 llcuniversity.com/california-llc

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## California LLC Costs:

California state fee: \$70

Statement of information: \$20 (every two years)

Annual franchise tax: \$800 (every year)

## Need help?

Hire a reliable service to form your California LLC:

Northwest (\$39 + state fee) or LegalZoom (\$149 + state fee)

A California Limited Liability Company (LLC) is a legal business structure used to protect your personal assets (home, car, bank account) in the event your company is sued.

A California LLC can be used to operate a business, or an LLC can be used to hold your assets (such as real estate, vehicles, boats, and aircraft).

If you'd like to form an LLC in California yourself, follow our Quick Start Guide below (the brief overview), or click the detailed lessons above.

**Need to save time?** Have a professional LLC service file for you:

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## 1. LLC Name

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- The first step in forming your LLC is to make sure your desired name is available for use.
- Your desired LLC name needs to be unique among all the existing businesses registered in California.
- **Search your California LLC name here:** <https://businesssearch.sos.ca.gov/>
- **Designator:** your LLC name must end with a proper designator. California law allows for the following: "LLC" (most common), "L.L.C.", "Limited Liability Company", "Limited Liability Co.", "Ltd. Liability Company", or "Ltd. Liability Co."

## 2. California Registered Agent

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- When forming an LLC in California, you need to select a Registered Agent (a person or company who agrees to receive legal mail for your LLC in case of a lawsuit).
- You cannot use a PO Box address for the Registered Agent. Instead, the address must be a street address, and it must be located in the state of California.

- **Who can be your Registered Agent in California?**

- 1) You can serve as the LLC's Registered Agent
- 2) A friend or relative can serve as the LLC's Registered Agent
- 3) You can hire a Commercial Registered Agent

- **Commercial Registered Agents in California:** We recommend hiring Northwest Registered Agent (\$125 per year). Northwest has been in the business for over 20 years and they have great customer support. Any mail that is sent to your LLC will be scanned by them and uploaded to your online account.

**Important:** Please read #3 (Articles of Organization) and #7 (Annual Franchise Tax) carefully. The timing of when you form your California LLC may be able to save you \$800.

### 3. Articles of Organization

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- **Official CA LLC form:** Articles of Organization (Form LLC-1)
- **CA LLC filing fee:** \$70
- **Filing methods:** by mail or walk-in (\$15 extra)
- **File online:** Currently, California does not have an online filing option for LLCs. Most people file by mail.
- **Mailing address:**

Secretary of State  
Business Entities  
PO Box 944228  
Sacramento, CA 94244-2280

- **LLC approval time:** 10-15 business days, not including mail time. See the California Secretary of State's processing times page. It's updated daily. To speed things up a bit, you can also overnight your Articles of Organization and payment to the state.
- **What you get back:** a stamped and approved copy of your Articles of Organization and a Welcome Letter.
- **Future file date:** If you're forming your California LLC later in the year and you don't actually need your business open right away, we recommend using a future file date of January 1st. This will help you avoid the dreaded back-to-back \$800 franchise tax payments (\$1,600 total in

the span of a few months!). Use this [attachment](#) if you want to use a future file date. A future file date can't be more than 90 days ahead. For more information, please see our [Articles of Organization](#) lesson.

- **Expedited filing:** speedier processing times are available, but documents must be delivered in-person in Sacramento, and expedited fees range from \$250 to \$500. More details [here](#).

- **Licensed professionals:** California law prohibits certain businesses offering “professional services” from operating as an LLC or a PLLC (Professional LLC). See [this page](#) for details.

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[Northwest \(\\$39 + state fee\)](#) or [LegalZoom \(\\$149 + state fee\)](#)

## 4. LLC Operating Agreement

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- Your LLC Operating Agreement is an internal document, meaning, you'll just keep a copy with your business records. It does not get sent to the California Secretary of State, or to any other agency.

- An Operating Agreement is where the member/members (owners) are listed, as well as their percentage of ownership. This document also spells out how profits and losses are distributed, how the LLC is managed, and how taxes are paid.

- Single-member California LLCs should still have an LLC Operating Agreement, as this is best practice.

- **Download a free LLC Operating Agreement:** [PDF](#) | [Google Doc](#) | [Microsoft Word](#)

## 5. Federal Tax ID Number (EIN)

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- Federal Tax ID Numbers, also known as EINs, are issued by the IRS to LLCs. It's like the equivalent of a social security number for an individual.

- EINs are used for opening bank accounts, filing taxes, and handling payroll, if applicable.

- **Synonyms:** The following are all the same thing: Federal Tax Number, Federal Employer Number, FEIN, Federal Tax ID Number, EIN, Employer Identification Number.

- **Please wait for LLC approval:** Apply for your EIN only after your California LLC is approved.

- **Fee:** \$0. EINs are free from the IRS. You can obtain an EIN:

- by mail, use [Form SS-4](#)

- by fax, 855-641-6935

- or [online](#) (fastest method)

- **If you are a non-US resident or don't have a social security number:** You can't get an EIN online. You can get an EIN without a social security number though if you apply by mail or fax (fax has a faster approval time). Complete Form SS-4 and write "Foreign" on line 7b.
- **If your LLC is owned by another LLC/company:** You can't get an EIN online. You'll need to mail or fax Form SS-4 instead.

## 6. Initial & Ongoing Statements of Information

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- All LLCs in California must file an **Initial Statement of Information** within 90 days of the LLC being formed.
- **Download Initial Statement of Information:** [Form LLC-12](#)
- **File Online:** <https://llcbizfile.sos.ca.gov/>
- **Statement of Information filing fee:** \$20
- **Penalty if not filed:** \$250 penalty if late. Eventually your LLC will be shut down by the state if you do not comply with this requirement.
- **Filing methods:** by mail (most common), online, or walk-in filing.
- **Mailing Address:**

Secretary of State  
Statement of Information Unit  
PO Box 944230  
Sacramento, CA 94244-2300

- **Ongoing Statements of Information:** You need to file a Statement of Information every 2 years ("biennially"). They are due by the anniversary date of your LLC's approval. You can find this date on your approved Articles of Organization.
- **Forms:** If there are no changes from your last Statement of Information, use [Form LLC-12NC](#). If you are making changes, use [Form LLC-12](#).
- **Processing times:** 10-15 business days, not including mail time.
- **What you get back:** You don't get anything back by default. If you'd like a stamped copy of your Statement of Information, send an extra \$1 (\$21 total) and use the Mail Submission Cover Sheet (found inside the Articles of Organization) and write "Please return a plain copy to the address below".

## 7. \$800 Annual Franchise Tax & Estimated Fee

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- **All California LLCs – regardless of income or activity –** must pay an \$800 Franchise Tax fee every year.

- Payment is not made with the Secretary of State, but instead with the [California Franchise Tax Board](#).
- We get a lot of questions about how to avoid this. Long story short, LLCs in California cannot avoid the \$800 fee. And if you're thinking of forming an LLC out of state to avoid this fee, think again (see [here](#) and [here](#)).
- **Form 3522 ("LLC tax voucher")**: The \$800 Annual Franchise Tax is paid using Form 3522. This voucher changes each year, so in order to download Form 3522, please visit the [Forms page](#) on the Franchise Tax Board's website. Select the appropriate **Tax Year**, select "**Limited Liability Companies**" for Taxpayer Type, and select "**Income Tax Forms**" for Form Type. Then look for 3522 Form, "*Limited Liability Company Tax Voucher*".
- **Due date**: This gets a little tricky, so please read the following twice:
  - This is what the tax voucher instructions say:  
*"The annual LLC tax is due and payable by the 15th day of the 4th month after the beginning of the LLC's taxable year (fiscal year) or April 15th (calendar year)."* And we can hear you thinking, "**What the heck does that mean?!**" LOL ;-)
  - The first payment is due the 15th day of the 4th month after your LLC is approved. The "15th day of the 4th month" sounds like 4.5 months, but it's actually 3.5 months after your LLC is approved. For example, if your LLC is approved in November, November is "month 1", so 4 "months" after November is February. And the 15th day would be February 15th.
  - So sticking with our example above (LLC approved in November), that first \$800 is paying for that short taxable year (November to December). Then the next taxable year's \$800 payment is due 2 months later by April 15th (paying for the year forward). So that's **two back-to-back payments totaling \$1,600!** The reason for these back-to-back payments is because the LLC was approved late in the year. So if you can wait to file your LLC in January, that'll avoid the back-to-back payments (essentially saving you \$800). You can do this by including a [future file date attachment](#) with your Articles of Organization or just waiting until the last week in December or sometime in January to send your Articles of Organization to the state.
  - In summary, no matter when your California LLC is approved, you'll owe an \$800 payment 3.5 months later. Then as soon as April 15th rolls around, you'll owe another \$800. And then it's \$800 every year going forward, due by April 15th.
- **Form 3536 ("Estimated Fee for LLCs")**: If your California LLC will have over \$250,000 in gross annual income, you must also file and pay an Estimated Fee using **Form 3536**. And just like Form 3522, as mentioned above, the actual form changes each year so you'll need to visit the [Forms page](#) on the Franchise Tax Board's website to download the form. If your LLC will not have more than \$250,000 in gross annual income, then you don't need to file Form 3536.

## 8. Business Licenses and/or Permits

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- Depending on your LLC’s location and the industry it engages in, you may need to obtain certain business licenses and/or permits. To find out your LLC’s requirements, you can contact the city, town, or county where your business is located. They’ll be able to direct you to the proper government agencies.
- Need to save time? If you don’t want to make the calls and determine your licensing requirements, we recommend using [LicenseSuite](#).

## 9. Taxes

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- **Federal taxes:** California LLCs have “pass through” taxation. Income or losses are usually listed on a Schedule C and filed together with your personal tax return.
- **California state and local taxes:** Your LLC also needs to register and pay taxes with the [California Franchise Tax Board](#) (FTB), as well as your local municipality (city, town, county, etc.).
- **Form 568 (“Limited Liability Company Return of Income”):** All LLCs in California will need to file **Form 568**, as well as additional 568 Schedules and Forms with the FTB depending on how income is earned. We strongly recommend that you work with an accountant to properly file your federal, state, and local taxes. Form 568 changes each taxable year, so you’ll need to visit the [Forms page](#) on the FTB’s website and select the appropriate form for the taxable year in which you’re filing. Form 568 is usually due by March 15th or April 15th, but that will depend on how your LLC is treated for federal tax purposes.
- **Recommendation:** Hire an accountant after your California LLC is formed. Read our [how to find an accountant guide](#), or check out [Thumbtack](#).

## 10. LLC Bank Account

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- **Maintain liability protection:** opening a separate bank account for your California LLC to keep your personal assets separate from your business assets is not only helpful from an asset protection strategy, it also makes bookkeeping and accounting easier.
- **Items needed to open an account:** Approved California Articles of Organization, EIN Confirmation Letter, and Driver’s License.
- **Shop around:** there are many banks that charge monthly fees for California LLC business checking accounts, but there are a handful that don’t. You’ll need to call a few banks in your area and shop your options.
- **Debit card:** Your bank will issue a debit card (usually on the spot) when you open the account.
- **Credit card:** Start building business credit for your LLC. We recommend [creditcards.com](#) for finding business credit cards.

## 11. Business Phone Number

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Instead of using your home telephone number or your cell phone, you can purchase an affordable “virtual business number” specifically for your California LLC. You can set this virtual business phone up to forward to your cell phone, go through voice prompts, or configure it any way you’d like.

We recommend using [Phone.com](https://www.phone.com) as they have the cheapest plans and their customer service is excellent.

They offer local phone numbers as well as 1-800 toll-free numbers. You can easily setup call forwarding, pre-recorded prompts, and get voicemail messages forwarded to your email.

Getting a separate business phone number for your California LLC is also a good idea in order to keep your actual number private from those pesky “public record” websites.

## California State Agencies

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[CA Secretary of State](#)

[CA Business Entities](#)

916-653-3794 (LLC Unit)

213-897-3062 (LA Office)

8:00am – 5:00pm, M-F

[CA Franchise Tax Board](#)

7:00am – 5:00pm, M-F

*Tip:* call as early as possible to avoid long hold times

Additional contact info [here](#)