

CHECKLIST

California LLC Formation Checklist

California LLC formation is a multi-step process. Filing the Articles of Organization creates the entity. The remaining items below are what most owners miss, and what California courts look at when veil-piercing or partnership disputes arise. Use this list when forming an LLC, or as an audit for an LLC you have already formed.

State filings

- ☐ Articles of Organization (Form LLC-1) filed with the California Secretary of State
- ☐ Statement of Information (Form LLC-12) filed within 90 days of formation; biennial thereafter
- ☐ Registered agent (or commercial registered agent) designated for service of process
- ☐ Initial \$800 California franchise tax assessed (with limited first-year exemption windows)

Internal governance

- ☐ Operating Agreement signed by all members (do not rely on California's default RULLCA rules)
- ☐ Member contributions documented (cash, IP, services, real property) with capital-account records
- ☐ Voting and decision-making rules clearly stated (member-managed vs. manager-managed)
- ☐ Distribution rules specified (proportional to interests vs. specified other allocations)
- ☐ Transfer restrictions on member interests addressed (right of first refusal, drag/tag rights)
- ☐ Buy-sell mechanics for death, disability, divorce, departure, deadlock
- ☐ Dispute-resolution and dissolution procedures specified

Federal and tax setup

- ☐ EIN obtained from IRS (Form SS-4) for tax filings, banking, payroll
- ☐ Federal tax classification confirmed (default partnership for multi-member; default disregarded for single-member; consider S-corp election for active operating LLCs)
- ☐ California Form 568 LLC return filing requirement and due date noted
- ☐ Estimated franchise-tax payments scheduled if California gross receipts are expected to exceed thresholds

Operations and compliance

- ☐ Separate business bank account opened in the LLC's exact legal name
- ☐ All business expenses paid from business accounts; no commingling of personal funds
- ☐ DBA / fictitious business name registered with the county if operating under any name other than the LLC's exact registered name
- ☐ Local business license obtained from each city where the LLC operates
- ☐ Industry-specific licenses obtained (CA Bureau of Cannabis Control, ABC, contractor's license, etc.)
- ☐ Insurance coverage in place (general liability minimum; consider professional liability, cyber, employment practices)
- ☐ Any commercial lease in the LLC's exact legal name (avoid personal guaranties when possible)
- ☐ Trademark registration filed if a brand name is being built (federal USPTO + California Secretary of State)

If the LLC has multiple members

- ☐ Initial capital contributions documented in writing
- ☐ Founder vesting schedule and IP assignment in place if applicable
- ☐ Officer/manager appointments and signing authority documented
- ☐ Banking signatory rules set with the bank; matching the operating-agreement authority
- ☐ Conflicts-of-interest, related-party-transaction, and competing-business policies addressed

Annual maintenance

- ☐ Statement of Information filed every two years (LLC-12)
- ☐ California \$800 franchise tax paid by the 15th day of the 4th month of the tax year
- ☐ Federal Form 1065 (or 1040 Schedule C / Form 1120-S) filed for tax year
- ☐ Annual member meeting held (or written consent in lieu) and documented in minute book
- ☐ Operating Agreement reviewed and amended as the business changes (new members, services, capital structure)
- ☐ Insurance renewals and coverage review

If anything is missing

California courts use the formalities a business observes (or doesn't) when deciding whether to pierce the corporate veil and impose personal liability. Skipping items above doesn't void the LLC, but it raises the risk of veil-piercing if a creditor goes looking. If your formation is incomplete, Skyline can clean it up and document a path forward.

This checklist is general information for California LLCs and is not legal advice. Specific facts can change what is required. For a personalized review, schedule a complimentary consultation at skylinebusinesslaw.com/contact.html.