

Nevada Public Policy Encourages Incorporation

Nevada has adopted incorporation laws designed to stimulate commercial venture activity. It isn't by accident that Nevada has become arguably the best state to incorporate in. Once called "The Delaware of the West" due to its pro-business corporate code, Nevada is a popular state for incorporating.

The absence of income tax makes Nevada an exceedingly attractive business environment. Top that with minimal reporting and limited disclosure requirements for corporations, then you start to understand why so many firms incorporate in Nevada.

Even the *Nevada Secretary of State* claims the benefits of incorporating in NV. See their [commentary citing advantages](#) of Nevada incorporation compared to other states.

Under the [Nevada Corporate Code](#) directors, officers and stockholders do not need to reside or hold meetings in Nevada. ([NRS78.310](#)). Shareholders are not public record and Nevada does not impose a corporate income tax or franchise tax.

Unlike most states, in Nevada a corporation can issue shares for a promissory note. No [minimum initial capital](#) is required. Stock may be issued "for consideration consisting of any tangible or intangible property or benefit to the corporation" ([NRS78.211](#)). Corporate directors are empowered to determine the value of these transactions, and their decision is final.

The more one learns about incorporating, the more they appreciate how the [Nevada Legislature](#) has designed [Nevada's Corporations Law](#) to promote incorporation in their state. Because of its positive impact on the states business climate, Nevada competes with Delaware as the best incorporation venue for many companies.

In fact, the state has become so successful at attracting companies to incorporate in Nevada, other state legislatures look to Nevada's laws as a model, patterning their own corporate codes after Nevada's to be competitive.

According to Inc. Magazine *Nevada boasts two metros, (Reno and Las Vegas) in the Top 15 "Best Places for Doing Business in America"*. Nevada is ranked number two in the nation as the best place to grow a business according to the

Small Business Survival Index 2005.

With all the incentives offered by Nevada to incorporate in their state, you might think everyone should incorporate in Nevada. We believe choosing Nevada as a corporation's site should be done after due consideration. The fact is, is that Nevada is not the ideal incorporation site for all circumstances. If your business will have a PHYSICAL OFFICE in Nevada, or if your corporation will conduct business in more than one state, then Nevada may be the best choice. But if your corporation will be conducting affairs primarily in a different state, and with no PHYSICAL PRESENCE in NV, then consider this.

Procedure to Form a Nevada LLC

The fundamentals of incorporating in Nevada involve the precursory steps of deciding on a company name; choosing the principals; and determining what the corporation's objective is.

Assuming the company will be a domestic corporation transacting business in Nevada for profit, then it's time to start the paper chase. To legally incorporate, articles of incorporation are filed at the Secretary of State's office.

All Nevada corporations must now incorporate by using the statutory form required by the NVSOS. An incorporator can include additional provisions this instrument by appending the standard form with supplemental pages, but the NVSOS wants the preliminary details in their format.

The standard form only deals with the minimum provisions of NRS [78.035](#) which prescribes the minimum information necessary to incorporate. This doesn't mean an incorporator can't or shouldn't introduce more technical matters in the articles of incorporation. They should. But the state wants those matters outlined on supplemental pages ease processing.

The MINIMUM provisions of Nevada's statutory incorporation form are:

- the name of the corporation;
- the Resident Agent's address and acceptance of appointment;
- the number of shares permitted to be issued;
- the Directors (with addresses);

- the party responsible for filing the articles (incorporator).

Next, the incorporation forms are submitted to one of the Secretary of State's offices. There are offices in Carson City and a satellite location in Las Vegas. Which office to use depends partially on what level of processing is requested. Standard processing is usually acceptable for most people, since the NVSOS moves quickly. To reduce the approval time to 24 hours an extra \$125 fee applies. Applications using the expedited service can be submitted via facsimile.

The Las Vegas office doesn't accept walk-in filings or non-expedited orders. To file the form in person, you have to do so in Carson City.

When the articles are approved, a certificate is returned to the organizer confirming the incorporation. A Nevada corporation's legal existence begins the date the articles are filed. A certified copy is evidence of existence and incorporation of the corporation pursuant to NRS 78.055.

Now that the company is incorporated, important tasks remain for sustaining compliance with Nevada's corporate code.

First, Nevada statute 78-105 provides a corporation *shall keep a copy of the following records* with its registered agent:

- A certified copy of the articles of incorporation;
- a certified copy of the corporate bylaws;
- a stock ledger;

Corporations are empowered under Nevada law to adopt bylaws for the management of affairs and property. Either directors or shareholders can make bylaws. Generally, directors may adopt or repeal any bylaw, even if it was passed by shareholders. Articles of incorporation can limit the directors power from repealing bylaws created by shareholders. Conversely, articles may reserve the authority to adopt bylaws exclusively to the directors.

Usually, a Consent Action of the Board of Directors is utilized to adopt bylaws, appoint corporate officers and open bank accounts.

Also, Nevada compels that an Initial List of Officers be lodged with the NVSOS

on or before the last day of the first month following the incorporation date. The list must be updated annually.

A Nevada a State Business License from the [Department of Taxation](#) is obligatory for corporations with a base of operations in Nevada. If applicable, a sales tax license will need to be secured, also from the NV Department of Taxation.

Most Nevada [Counties and Cities](#) have codes requiring permits before doing business in their jurisdictions.

If the corporation will physically conduct business in other states a Nevada corporation needs to be domesticated in those states. Otherwise, it loses its limited liability protection in the foreign jurisdictions. Compliance with the foreign state's licensing codes is necessary at the state, county and local levels of government.

The important thing to be aware of is that merely filing incorporation documents with the Nevada Secretary of State does not constitute complete incorporation. Supplemental filings are needed and the directors should immediately adopt legitimate corporate bylaws conforming with the Nevada Corporate Code.

Your Nevada corporation must secure licenses, permits, DBA (trade name) filings in every jurisdiction where it will transact business - at the state, county and local levels.

When we incorporate you in Nevada, we secure the legally mandated records for the corporate file, including conformed copies of the incorporation articles, Nevada bylaws and the organizational consent actions to adopt bylaws and appoint directors.

We do it efficiently and quickly, and at a competitive cost. When you're ready to start, begin incorporating by [completing the Nevada Incorporation Questionnaire](#) to submit the essential details. We only ask for the information that is necessary to incorporate, and the pages will help you through the process with authoritative information. When you're done, you can pay by credit card to get your incorporation underway.

This article is provided as an overview to incorporate in Nevada rather than an comprehensive study. For more about Nevada incorporation, you should also visit:

- [Index to Nevada's incorporation statutes](#),
- [Nevada resource guide](#),
- [Pricing and Rates to Incorporate in Nevada](#),
- [Nevada LLC page](#).

There you will learn about the benefits of incorporating a Nevada corporation or LLC.

Courtesy [ParalegalPlus](#)