

Business Formation Assignment

1. Name of Formation:

Limited Liability Company

2. Business Name:

Thant Design Studio, LLC

3. Pros of LLC:

- Provides limited liability protection, meaning my personal assets are protected from business debts or legal issues.
- Offers flexible management structure, allowing me to run the business independently without strict corporate requirements.
- Has pass-through taxation, so profits are not taxed twice like in corporations.
- Easier to set up and maintain compared to corporations, with fewer formalities and paperwork.
- Allows room for growth if I decide to add partners later.

4. Cons of an LLC:

- Requires state filing fees and annual maintenance costs, which can be higher than a sole proprietorship.
- More administrative work than a sole proprietorship (licenses, compliance, reporting).
- Self-employment taxes still apply to profits.
- Regulations and fees can vary depending on the state.

5. Reflection Summary:

I chose an LLC because it gives me a balance between protection and flexibility. As a new interior designer starting my own business, I want to protect my personal finances in case of any risks or liabilities that could happen during projects. At the same time, I don't want a complicated structure like a corporation that requires a lot of rules and formalities. The LLC allows me to operate independently while still looking professional to clients. It also gives me the option to grow in the future, such as bringing in partners or expanding my services. Overall, I think an LLC is the best choice for me because it supports both my current situation as a beginner and my long-term career goals.

Cited – Professional Practice for Interior Designers 6th Edition/Christine M.Piotrowski,
FASID, IIDA