



How to form a US LLC in 5 minutes

A beginner-friendly guide on the basics of LLCs. Learn about formation, banking, and taxes. Get ready to turn your dream idea into your dream US business.

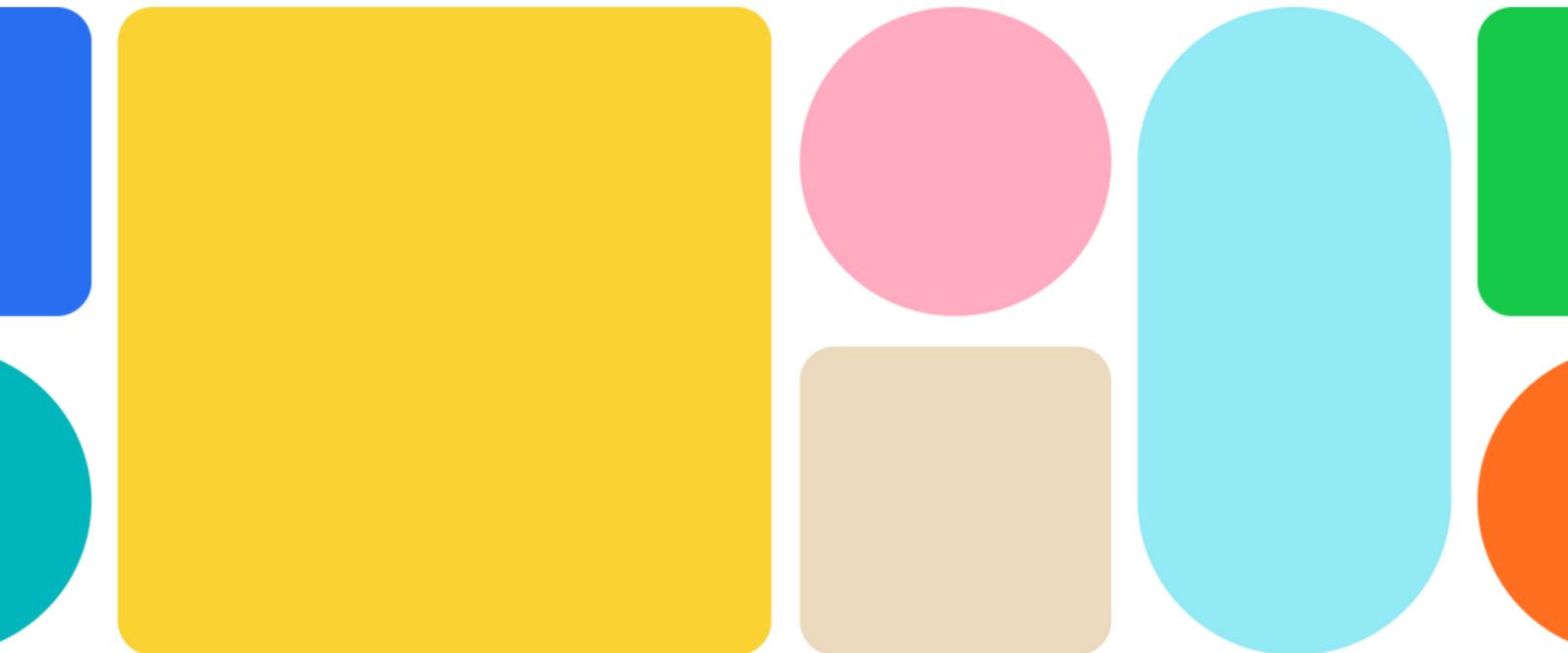


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Introduction

Welcome to **How to Form a US LLC in 5 Minutes**, our friendly guide through a not-so-friendly process.

Forming an LLC can be nerve-racking, confusing, and hours of work for a founder to do on their own. This is where doola comes in. If you're like many of our customers, you've just decided to make your business official or go international. That's an exciting decision. But right at this crucial moment, when you're excited yet not totally sure what you're doing, you're required to work with Uncle Sam and his good friend, the IRS. The duo can feel daunting to even the most experienced entrepreneurs.

That's why our team at doola decided to put together an easy-to-read guide on **how to form an LLC in the United States**. Our goal is to demystify the process and help anyone understand what's going on when you read about EINs, SS-4s, and limited liability.

Skim the table of contents, peek at the overview, or jump to a section that's never made sense to you. At doola we're on a mission to increase access to wealth creation by helping anyone in the world turn their ambition into a US business. We make money by making the process **fast** and **easy**, so we're happy to share exactly what you'd have to do on your own. Pardon the metaphor, but we'll show you how the sausage is made because we're betting most people want a butcher.

All that to say, welcome to our community. We're here to support you. Please feel free to reach out to us with any questions.

- Email us at hello@doola.com
- Check out our custom-created guides on [doola University](#)
- Book a [free consultation](#) with us

All the best,

Team 

Can I form an LLC in the US? What are the Benefits?

US LLC for Residents and Non-Residents.



US Founder

Much has been said about the gig economy. More than one-third of US workers (36%) participate in the gig economy, either through their primary or secondary jobs according to Upwork. The structure of US tax law can make it incredibly advantageous for **independent contractors, freelancers, and consultants** to work through an LLC. Once you own an LLC, you can write off many of your business expenses to lower what you pay in taxes.

In addition, if you're an entrepreneur looking to start your own business and bootstrap yourself, an LLC is the way to go.

Non-US Founder

If you're a non-citizen you might be familiar with some of the perks of running a business in the US. The US has one of the best reputations in the world for being business-friendly due to a competitive corporate tax system and a relatively easy LLC formation system. US payment systems like PayPal and Stripe are highly trusted and easy to use. There's also a level of prestige that comes from owning a US business. Whether deserved or not, our non-US founders often tell us that they can **charge US rates** as soon as they list a US address and phone number on their website.

However, many people believe they're not eligible to form a company in the US unless they're a citizen and have a US SSN (Social Security Number). That is simply not true.

You don't have to be a US citizen, be a US resident (i.e. "green card holder") OR have a US SSN to form a company in the US!

One of the biggest benefits of being a non-US resident starting a US LLC is that an LLC is a "pass-through entity", meaning that taxes can pass through to the owners. This means that your business would not be subject to US tax as long as your LLC:

- Is 100% owned by non-US tax residents (either natural or legal persons)
- Has no US presence or economic substance
- The income must not be "effectively connected"

And yet, for many, doubt remains. This is where doola comes in.

If you're...

- Worried about staying legal and above the board
- Unclear about what you need to do to start a US company
- Curious about how to get your forms right, the first time

These are very common questions. You're not in it alone. Most of our customers come to doola for this very reason. Read on to learn more about the process and start your entrepreneurial journey.

Feel free to reach out if you have any specific questions that we can help you out with.

**Book a free
consultation anytime**



[Free consultation](#)

How to Form an LLC: A Quick Overview

Forming your company in 5 steps

When you're forming an LLC, you'll get a lot of advice that says: first fill out this form, and then go here, and mail this there. And while these instructions can be accurate, it leaves you dependent on someone else, and anxious you're missing something. We'd like to demystify the process and empower you with the knowledge to understand what you're doing and why.

The process of **forming a company** is simple in concept. First, you officially name and become a company. Then you identify yourself to the US government so you can pay taxes through the Internal Revenue Service (IRS). You do not need to be a US citizen.

Once these foundations are set up, you've got what you need to get a bank account and phone number. The final step is to set up payment **infrastructure**, and then it's all you. You close your deals, bring in cash, and periodically you have to pay taxes on it.

Now, completing each one of these steps requires paperwork, processing, and a knowledge of what's required by the US government. That's why you often see how-to guides that reference forms needed. We're going to break all of this down for you.

1

Legally Form Your Company

Goal: Name and register your business.

Select a unique company name and choose your entity type.

2

Get an EIN from the IRS

Goal: Register your business with the IRS (Internal Revenue Service).

American citizens get a Social Security Number (SSN) when they're born. This number is used to identify people and their financial actions. You use this number to open a bank account, report taxes, and get paid. There's an equivalent for companies, and that's an Employer Identification Number (EIN). Think of it as the "social security number for your business".

3

Open a Bank Account

Goal: Open a US bank account so you can deposit payments and access US financial systems.

US Residents: Open a bank account locally or we recommend a virtual bank like [Mercury](#) due to lower fees.

For non-US founders: We also recommend using [Mercury](#). Non-US founders are using Mercury because they let you open a US bank account remotely without visiting the US.

Learn [how to open a US bank account](#).

4

Set Up Payment Infrastructure

Goal: Make it easy for customers to pay you. The easier the process, the more customers complete their purchases.

Once your bank account is set up, we'll help you connect it to your payment processor so you can start accessing the payments sent to your account.

We recommend [Stripe](#) due to the ease of set up, low fees, and support for founders globally.

5

File Your US Taxes

Goal: Run a successful business legally and avoid fines.

Make money: Once your bank account is set up, it's up to you to make money and pay taxes on it. The first half is up to you, although doola offers a few helpful tips on how to make money at [doola University](#).

Pay Taxes: The second half of this step, paying taxes, is a bit more complicated. In this guide, we'll highlight key deadlines on what to pay and when. doola provides direct access to our [in-house CPA](#) and tax team for personalized assistance with your tax inquiries.

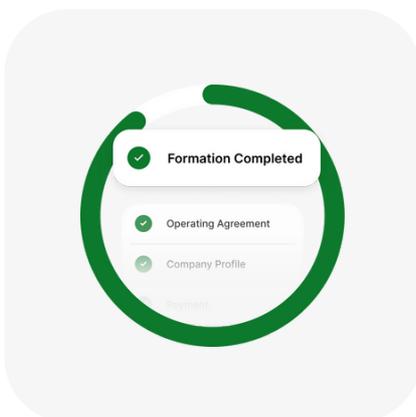
Why Are We Sharing the Process?



We want what's best for you and your business, and we're not afraid of showing you how the formation process works because we're confident in what we have to offer you. We will "doola" all of the steps above and cover your annual registered agent duty (more on this later), provide a US business address, provide stress-free compliance reminders, and be there for ongoing support for an annual fee. We guide you through the forms so you can trust that you've filled them out correctly and can avoid delays. We connect you with **trustworthy banks** and **tax consultants** each year so you have support as you build your business.

Our businesses' value hinges on helping you form a company with less stress, fewer delays and fees, and assurance you're getting it right, not from keeping knowledge a secret. Let's build trust and work together.

We're rooting for you! 🍀



//doola Formation



//doola Books



//doola Taxes

1

Formation

Before opening a bank account or even helping the IRS identify you, you need to “form” your company. Put simply, you’re registering your company name so you can move forward with identifying yourself to the IRS and setting up payment infrastructure.

Naming your company

Choosing a name for your LLC is essential. Delaware requires that the new LLC name must not be too similar to any other existing Delaware LLCs. The name must be unique, and in some cases, separate state agencies are also involved in the review process. For example, the Education Division will be involved if your name includes the word “academy.”

You can check out the state’s website for the [Delaware LLC name search](#). If you are forming your LLC in Wyoming you can check out [Wyoming’s website](#) for the Wyoming name search.

Each state has a similar website to search through when naming your company.

If you’re stuck for a name, see this [list of 250+ unique name ideas](#) to get some inspiration.

LLC vs. C-corp

LLC stands for limited liability company. As the name implies, it creates a legal barrier between your business and personal assets. This means “the owners are not personally liable for the company’s debts or liabilities,” as explained by Investopedia.

This helps you de-risk your business from your personal assets since only the assets owned in the name of the LLC are subject to the claims of business creditors, including lawsuits against the business. The personal assets of the LLC members **cannot be claimed** to satisfy business debts. For many people, this is the most important reason to form an LLC.

A C-corp is a type of company owned by shareholders. These shareholders then purchase shares of stock which reflect ownership of the company.

C-corps have a rigid ownership structure, which offers **pros** (ease of investment from investors) and **cons** (less flexibility, more ongoing paperwork/governance).

If you are looking for liability protection and flexibility (limited admin upkeep, tax flexibility) then an LLC is a great choice for new businesses since LLCs are considered easier to start and maintain.

If you are currently raising or will need to raise **US venture capital** and take a company public, a C-corp is a great choice. US investors do require a C-corp before they invest.

At the end of the day, it's your business, your choice.

To help make this decision, we've also recorded a video on this topic in [doola University](#).

Choosing where to register your LLC

The general advice is that the best state to form your LLC is in your home state because it's assumed that your company is doing business primarily in that state, whether it is a physical business or an online business.

That said, most online businesses operate in many states. Why the caveat?

LLCs are overseen at a state level. Any LLC that has been registered in that state, and conducts business there, is called a Domestic LLC. Any business that has been formed within that state, but conducts business elsewhere, is a **Foreign LLC**.

For example, if you live and do business in North Carolina, you would form your LLC there. Because you do your business in that state, your LLC is a Domestic LLC. However, if you formed your LLC in North Carolina but did business in Florida, your business would be a Foreign LLC. This setup allows businesses to **operate in several states** without having to form several LLCs and enables states to collect revenue from each business that operates there.

This is why many people, including US citizens, form Foreign LLCs. You can dig more deeply into the pros and cons by [reading this article](#).

This is also why many US citizens form their LLC in Delaware or Wyoming. If you're living abroad we recommend these two states as well.

Wyoming and Delaware, among other states such as Nevada, have built a reputation among business owners for offering special benefits if you register as a Foreign LLC there.

Wyoming offers

- low tax rates with no income or franchise tax charges
- the annual report fee is only \$62
- a sales tax rate below the national average of only 4%

This state also offers enhanced privacy protection as LLC owners are allowed to remain anonymous on the public record, which is obviously unusual. This is beneficial to business owners who would prefer to keep a low profile or don't want the actions of the business associated with their names.

Delaware, on the other hand, has better legal protection than other states. They have a system known as the "Delaware Court of Chancery" which is specifically designed to deal with corporate legal issues. Corporate cases are heard without the presence of a jury which many business owners prefer.

How to choose

We recommend Delaware only if you have plans to in the future convert your LLC to a C-corp, or you really want the "prestige" of saying your company is from Delaware. Some customers say this matters to them.

Otherwise, we recommend Wyoming. Why? Wyoming is the most popular state for **non-residents** who own online businesses, e-commerce businesses, or for business owners who want an easy and simple way to form and manage their company. It's the most popular state among doola customers, has lower annual fees (\$62 vs. \$300 in Delaware), a low filing fee (\$102), and was the first state to ever create the LLC.

A US address

To file the paperwork for your LLC, you need a US address. You can find services online that will give you a virtual address in the state you've chosen.

doola, through its partner, can [offer you a US address with a physical lease](#).

However, you can get a virtual address as part of our registered agent services, included in [our packages](#).

Make it official and file

Once you've decided on a name, type of company, and where to file, it's time to make it official in three steps.

Pick a registered agent

A registered agent maintains regular business hours and can receive official mail. You need an agent to form your LLC. While the name might make you think you're corresponding with an individual one-on-one, this will likely feel like a formality.

They charge **yearly fees** (depending on the state, from \$25 up to \$200 dollars). Can you be your own registered agent? Technically you can, but we don't recommend this!

You can learn more about what a registered agent is and why we recommend having a professional serve as your registered agent [here](#).

We do not recommend being your own registered agent.

Confirm your LLC name

Search in your state registry if the name is taken. It must end with "LLC" or "L.L.C" (LLC is usually the most popular). It is crucial that your company has a unique name in the state you are filing with, or it will get rejected. Some states, such as New York and Texas, will even reject company names that are similar or too close to an existing company's name. Many states will also reject names with certain terms such as "Bank," "Lawyer," "Real Estate," or "Accountant."

File your LLC online

You can do this directly through the state as well (Google to find their link.) Each state has [different filing fees](#) which can range from \$50 to \$500+. It can take several days up to a week or more for the state to get back to you. The state will send you your **formation documents** which will include your operating agreement as well.

A small warning: if your application with the state has any errors, there is a high risk of rejection. This can result in long delays, and even having to pay the state's fees again each time you submit your application.

It's absolutely possible for you to go through all of the steps above on your own.

However, everything above is included in our doola package, as well as many more benefits which we'll go through below.

2

Apply for EIN

There's a famous quote in America that goes: "The only two certainties in life are death and taxes." After you've just formed your business, you need to identify yourself so you can pay taxes. This is legally required. To do this, you need an employer identification number (EIN). Your US company needs to have an EIN to open up a US bank account. This process is different if you are an American and already have a social security number (SSN).

PS: Acronyms seriously suck, so we've defined [ITINs vs EINs vs SSNs](#) if you need a refresher.

With a SSN

If you have a SSN, you can go to [this website](#) and apply for your EIN online. If all your information is valid, you will receive your EIN in minutes.

Without SSN

If you do not have a SSN, you must fill out an SS-4 (EIN application) and fax it to the IRS. It can be as quick as 2 weeks if expedited, but normally 4 weeks on average from the day of submission.

doola will do all of this for you as part of our standard offerings. We also ensure you've filled out your **SS-4** correctly to ensure there are no delays.



IRS website

3

Set Up Your US Bank Account

For US citizens, it's likely you already have a *personal* bank account.

But whether you're based in the US or outside of the US, it is critical to have a *business bank account* to separate personal expenses from business expenses.

First things first, it is totally legal to have a US bank - even if you're not living in the US - as long as you have a US LLC and an EIN. In other words, you have registered a business in the US, have an EIN, and are keeping your business compliant. **You do not have to be a US citizen.**

While there are many banking options, we're going to cut through the noise and suggest **working with Mercury**.

Mercury is a well-trusted banking system built for startups with FDIC-insured bank accounts, debit cards, and 3-click payment flows. It is free, and they don't have minimum balances, account opening fees, or monthly fees.

If you're curious about how to open a bank account you can learn more about this in doola University.

If you open your LLC with doola, we help you open your US bank account for you via Mercury bank.

4

Set Up Payment Infrastructure

Once you've got a bank account, it's time to think about how your customers will pay you. Most people use a tool like PayPal or Stripe. Both of these companies are quite well known and reputable.

Stripe requires an EIN and your LLC formation documents you received in Step 1. Stripe does not require a US SSN.

PayPal requires a US SSN or an Individual Taxpayer Identification Number (ITIN) in addition to an EIN and your formation documents.

The additional PayPal requirements are why we suggest Stripe. However, if you want to use PayPal, you can [read about receiving an ITIN here](#).

Setting up your Stripe account

To open a US Stripe account, you'll use many of the materials you've obtained in the steps above, plus a US phone number. **You'll need:**

- An LLC
- An EIN
- A location in the country of your EIN
- A government ID from any country
- A phone number in that country (if you need a US phone number, we recommend [OpenPhone](#)).

You should also make sure you are not on Stripe's list of [restricted businesses](#). As long as you don't see your business on the list, you should not have any problems using Stripe.

5

File Your US Taxes

Congratulations! 🎉

Forming your LLC, opening a bank account, and setting up payment tools are all big accomplishments. Once these foundational pieces are in place, things start to get exciting. You can now accept US payments! We wish you all the best as you market and grow your business.

Tax Requirements

While we won't go into the details of US tax law in this guide, we will give you the shortlist of important deadlines. Our customers tell us their biggest concerns are around keeping their business above the board and avoiding late fees, as every LLC and C-corp is required to file taxes with the IRS each and every year it exists. We'd like to help you do that, and we have an in-house CPA and tax team that can file and support you with all your questions. Deadlines fall into **two key buckets**; every year you must pay an LLC tax and taxes on your earnings. Let's take a look at how to do both of those.

Annual LLC Tax

Wyoming annual tax: Due on the first day of the anniversary month of your LLC's creation.

In Wyoming, there is a \$62 payment + an annual report due each year by the first day of the anniversary month of your LLC's creation. For example, if your LLC was created on March 15, the annual report is due each year on March 1.

Together with the annual report, you must pay a **minimum license tax of \$62**. The tax is calculated at a rate of two-tenths of one mill on the dollar based on the value of your LLC's assets located in Wyoming. For more details on how to compute and pay the tax, look [here](#).

Most of our customers hire doola to pay the annual \$62 to the state directly (we make no money from this). We offer [a plan](#) that does this for customers so you can focus on what you do best: growing your business.

Delaware annual tax: Due on June 1.

Delaware LLC Franchise Tax of \$300 is due by June 1 of every year. The limited partnership (LP) Franchise Tax is also due by June 1 of every year. If the tax is not paid on or before June 1, the state imposes a \$200 late penalty, plus a monthly interest fee of 1.5%. You can pay [here](#).

US Tax Filing Requirements

In this guide, we show you what the **tax filing requirements** are for a US Single Member LLC, a Foreign Single Member LLC, and a Multiple Member LLC.

We can also do this for you as part of our [Total Compliance plan](#) (our most popular plan, globally).

Do I have to pay a professional CPA to file any needed forms?

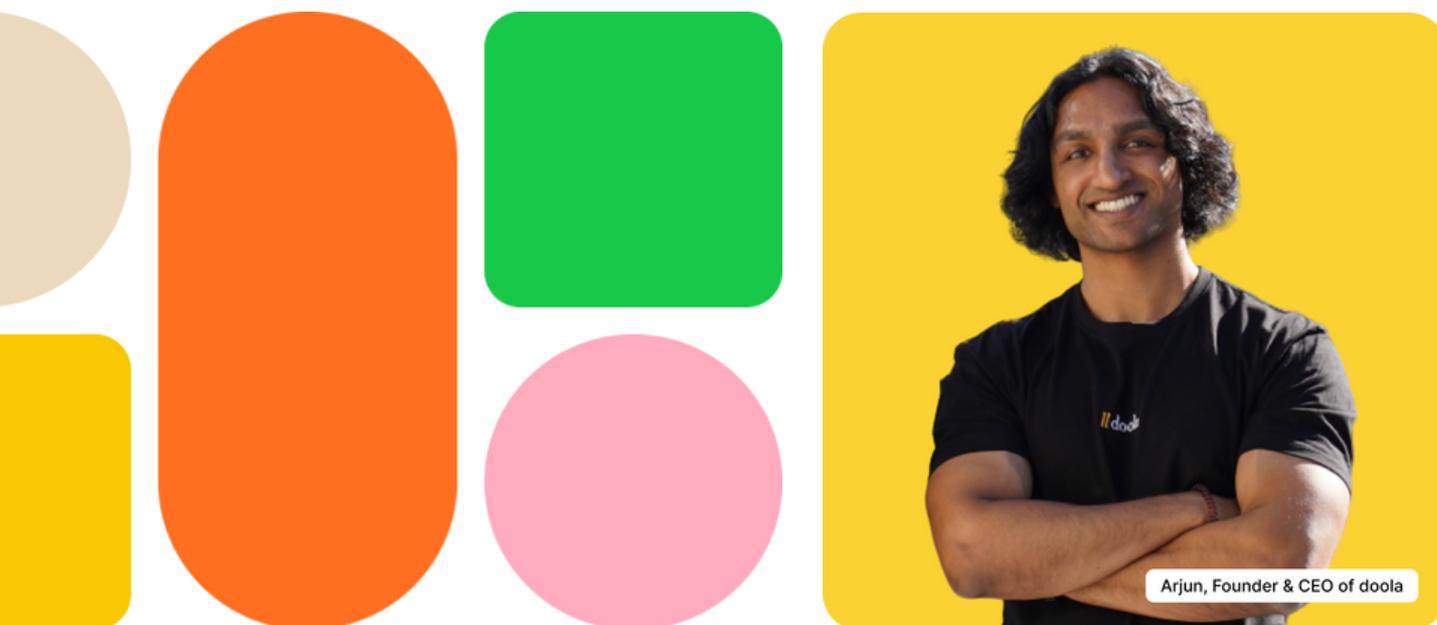
No, you do not have to hire a professional CPA. That said, folks sometimes find these forms confusing or stressful since you must know how to classify your business expenses according to tax law to calculate what's owed. Working with a professional is always an option to remove some stress here.

To read about this in more detail + see an option for professional help check out [this guide here](#).

**Get started with doola
and launch your US
business**



<https://doola.com>



About doola

The guide was written by the team at doola. doola is a trusted partner for helping entrepreneurs confidently form their companies in the US. We've helped clients in over 175+ countries incorporate, access US payment systems, and stay legal year after year through continued support, business basics, and a global-first mindset. Think of us as "a business in a box."

We're a small, hands-on group of individuals who think it's time for the legal systems to keep up with the modern economy. Entrepreneurship is a global trait, and yet simply listing a US address on your website can help you charge more for your skills. US payment systems are highly advantageous. Anyone should have access to these benefits, regardless of where you're based. We're on a mission to democratize access to wealth creation by empowering anyone in the world to turn their dream idea into their dream US business.

We're trusted by founders on every major continent who have used us to create US companies. We're also backed by some of the top US investors including Y Combinator and Hustle Fund. Protecting the data you trust to doola is a top first priority. doola uses physical, procedural, and technical safeguards to preserve the integrity and security of your information. We regularly back up your data to prevent data loss and aid in recovery. Additionally, we host data in secure certified data centers, implement firewalls and access restrictions on our servers to better protect your information.

And, we're more than just a formation partner. Many of our competitors can get you set up with an LLC, but then you're left hanging wondering what taxes to pay and wondering why your banking application was rejected.

Our offerings cost less for forming your LLC than some of our competitors, and we offer more premium services like expedited submissions, tax reminders, and support as you pay taxes. We continue this support year after year. Your business doesn't stop after you file your formation paperwork, neither should our support.

[Explore our plans and services](#) and let us take the anxiety out of forming your business.

Thank you for reading and we hope you'll join us!

Team doola,

Your trusted partner for confidently starting a US business.

- You can chat with us 24/7 via our live chat on our [website](#) or email us at hello@doola.com
- Check out our custom-created guides on [doola University](#).
- Book a [free consultation](#) with us

Disclaimer: While this guide provides valuable insights, it may not cover every unique situation. It is based on the common needs of over 1000 US residents and non-residents for registering and running their companies compliantly. Individual circumstances may vary, and we recommend booking a free consultation for professional advice on specific cases. doola is a technology company. We are not a law firm, nor can we offer official legal advice. What you see on our website, and any of our communication over email, Whatsapp, Slack, SMS, Zoom call, Intercom, social media is purely for general and educational matters, and should not be taken as official legal advice. By using our website and service, you are explicitly accepting our [Terms of Service](#), [Privacy Policy](#), and [Data Processing Addendum](#).



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