



Business Structures

Below is a list of business structures to choose from when forming your West Virginia business. Also, try our [Business Structure Comparison Chart](#) as a quick reference tool.

Sole Proprietorship

The simplest and most common form of business structure is the sole proprietorship. In a sole proprietorship, a single individual owns the business and engages in a business activity without creating a legal entity. However, the owner assumes all the risks of the business. The individual owner is personally responsible for the debts and obligations of the business.

Earnings are generally taxed as personal income for the owner. There is no filing requirement with the Secretary of State's Office, however, a business registration must be filed with the [State Tax Department](#).

General Partnership

A general partnership is created when two or more persons associate to carry on a business for profit. Again, there is no Secretary of State filing requirement to form this type of entity. A partnership generally operates in accordance with a partnership agreement to delineate the responsibilities of each partner. The partnership agreement need not be filed with the State and there is no requirement that the agreement be written.

The partners own the assets of a partnership jointly. Each partner is personally liable for the actions of the other partners including business debts, taxes and tort liability. Earnings are generally taxed as personal income to each partner. There is no filing with the Secretary of State's Office, however, a business registration must be filed with the [State Tax Department](#).

Joint Venture

A joint venture is a general partnership typically formed to undertake a particular business transaction or project and is intended to exist for a limited time period. A joint venture is created with a specific project in mind and generally dissolves once the project has been completed. Members of the joint venture are exposed to full legal liability.

A joint venture is treated like a partnership for federal income tax purposes. Partners in a joint venture can be recognized as an ongoing partnership if they continue the venture, but they must file as such. There is no filing requirement with the Secretary of State's Office, however, a business registration must be filed with the [State Tax Department](#).

Association

An association is a group of persons with a specific purpose and is generally treated as a corporation. There is no filing requirement with the Secretary of State's Office; however, a business registration must be filed with the [State Tax Department](#).



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Corporation

A corporation can be formed for profit or non-profit. Profit corporations are governed by West Virginia Code Chapter 31D. Non-profit corporations are governed by West Virginia Code Chapter 31E.

A corporation has limited liability, central management, perpetual duration, and transferability of ownership interests. The owners of a corporation are called "shareholders." Corporations have officers elected by a board of directors that are elected by the shareholders. Shareholders of a corporation are not personally liable for the obligations of the company.

Corporations operate by a set of rules called "bylaws," which are drafted by the company and adopted by the shareholders. Bylaws are not required to be filed with the State.

An "S corporation" under the Internal Revenue Code is formed in the same fashion as a regular corporation. Sub-chapter S corporations may have some tax advantages but also must follow very specific rules. Obtaining tax-planning advice when deciding to set up this type of company is recommended.

A West Virginia corporation is formed by filing Articles of Incorporation with the Secretary of State. Registration with the State Tax Department is also required.

Professional Corporation

A professional corporation is a corporation formed by licensed professionals. Chapter 30 of West Virginia Code specifically defines the types of business activities that may be registered for the purpose of "professional" practice. These include:

- Accountant (CPA)
- Acupuncturist
- Architect
- Attorney-at-Law
- Chiropractor
- Dentist
- Engineer
- Land Surveyor
- Medicine (Physician, Podiatry, Psychiatry)
- Optometrist
- Osteopathic Physicians and Surgeons
- Psychologist
- Social Worker
- Veterinarian



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Verification of Eligibility

Written authorization from the appropriate professional state licensing board is required to register as a professional corporation. You must have an authorized representative from the licensing board complete the Secretary of State [Verification of Eligibility](#) (form VOE) and attach it to your Secretary of State business registration.

View the [Professional Licensing Boards](#) list for your board's contact information.

Special Name Ending Restrictions and Permissions

Due to naming restrictions set by West Virginia Code, the words "Professional Corporation" must be spelled in their entirety for the name to be approved by Secretary of State. The abbreviations "PC" and "P.C." are not permitted for use in the name. However, the name ending abbreviations, "AC" or "A.C.", indicating 'Accounting Corporation,' are permitted for use in the name per the WV Accounting Code.

A West Virginia professional corporation is formed by filing Articles of Incorporation with the Secretary of State. Registration with the State Tax Department is also required.

Benefit Corporation

A benefit corporation is a relatively new type of **for-profit** corporation election which combines the benefits of both a profit and non-profit corporation. Non-profit corporations are not eligible to file as a benefit corporation. The corporation must clearly state as one of its purposes the purpose of creating a "general public benefit." A "general public benefit" means "a material positive impact on society and the environment taken as a whole, as measured by a third-party standard, from the business and operations of a benefit corporation." This purpose is in addition to its principal business purpose.

It may also identify one or more "specific public benefits" that it is the purpose of the corporation to create. "Specific public benefit" means "a benefit that serves one or more public welfare, religious, charitable, scientific, literary or educational purposes, or other purposes or benefit beyond the strict interest of the shareholders of the benefit corporation, including:

1. Providing low-income or underserved individuals or communities with beneficial products or services;
2. Promoting economic opportunity for individuals or communities beyond the creation of jobs in the normal course of business;
3. Preserving or improving the environment;
4. Improving human health;
5. Promoting the arts, sciences or advancement of knowledge;
6. Increasing the flow of capital to entities with a public benefit purpose; and
7. Conferring any other particular benefit on society or the environment."

A West Virginia benefit corporation is formed by filing the Articles of Incorporation (for-profit only) with the Secretary of State. Registration with the State Tax Department is also required.



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Non-Profit Corporation

A non-profit corporation may be formed for any lawful purpose. The Articles of Incorporation must be filed with the Secretary of State and must indicate the initial non-profit activity of the company. Non-profit corporations are generally run by a Board of Directors and may also have members. Members of a non-profit may not be paid, and the revenues of the company further its non-profit goal.

A charity is a type of non-profit corporation, which solicits donations beyond its members. Special IRS rules govern charities. In addition, charitable organizations must register with the Charities Division of the West Virginia Secretary of State and unless an exemption is granted, file a report disclosing their donations and expenditures each year.

For more information on registering as a charitable organization, visit the Charitable Organizations division or call 304-558-8000. The internal affairs are regulated by by-laws which are not required to be filed with the Secretary of State. Non-profit corporations are governed by West Virginia Code Chapter 31E.

A West Virginia non-profit corporation is formed by filing Articles of Incorporation with the Secretary of State. Registration with the State Tax Department is also required.

Cooperative Association

A cooperative association is a special type of corporation in terms of its activity. The association may form based on its engaging in: 1) agricultural activities or 2) broadband internet services.

1. **Agricultural activities:** Three or more persons (incorporators) may form a for-profit or non-profit cooperative association to engage in one or more qualified activities in connection with the marketing or selling of agricultural products or the goods and services of its members or those purchased from other persons. "Agricultural products" are defined as "horticultural, viticultural, forestry, dairy, livestock, poultry, bee and any farm products, in their natural form or process." "Goods and services" means food and beverages, arts and crafts, woodworking and furniture-making, and recycling, composting and repurposing materials. See West Virginia Code Chapter 19-4.

Three or more cooperative associations may form an agricultural credit association, with or without capital stock, under this article and in compliance with the credit union provisions of Chapter 31C of the West Virginia Code.

2. **Broadband Internet services:** Twenty or more qualified persons (incorporators), either in an individual capacity or as a business, may form a for-profit or non-profit cooperative association to engage in the use of internet services. A minimum of three directors must be set forth in the bylaws. "Internet services" means providing access to, and presence on, the internet and other services. Data may be transmitted using several technologies, including dial-up, DSL, cable modem, wireless, or dedicated high-speed interconnects. "Member" means a member of an association without capital stock or a holder of common stock in an association organized with



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capital stock. See West Virginia Code Chapter 31G-2.

A West Virginia cooperative association is formed by filing the Articles of Incorporation for a Cooperative Association, through the Secretary of State. Registration with the State Tax Department is also required.

Public Corporation

A public corporation is a corporation formed by a county or municipal government. West Virginia Code specifically defines the types of business activities that may be registered for the purpose of a public corporation. Examples include:

- County And Municipal Development Authorities §7-12-6.
- Emergency Ambulance Services §7-15-4.
- County Fire Boards §7-17-9.
- Regional Airports §8-29-2.
- Public Recreation and Playgrounds §10-2-4a.
- Public Service Districts. §16-13a-3.
- Assessment District §16-13b-8
- Community Enhancement District §16-13e-6

This list may not be exhaustive.

Each public corporation may have name requirements outside of corporate law depending on the code section the activity is under.

Public Corporations registered with the Secretary of State file annual reports every year by June 30th.

A West Virginia Public Corporation is formed by an act of local government and may file Articles of Incorporation with the Secretary of State. Registration with the West Virginia Tax Division is also required.



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Limited Liability Company (LLC)

The limited liability company is a distinct type of profit entity in that it has the powers of both a corporation and a partnership. One or more persons may own a limited liability company. The owners are called “members.” A member can be an individual, partnership, corporation, trust, and any other legal entity. Members of an LLC are not personally liable for the debts or liabilities of the company. An LLC can be managed by its members or managed by managers. The management structure and the duration must be stated in the articles of organization.

Depending on the structure of the limited liability company, it may be similar to a general partnership having limited liability for the partners, or to a limited partnership in which all of the partners can participate in management and all have limited liability. Otherwise, it can be similar to an “S” corporation without the ownership and tax restrictions imposed by the Internal Revenue Code. Earnings may be taxed in several different ways.

Limited liability companies generally have fewer formal record keeping requirements than corporations. The internal affairs are regulated by a written or oral operating agreement, which is not required to be filed with the Secretary of State. Limited liability companies are governed by West Virginia Code Chapter 31B.

A West Virginia limited liability company (LLC) is formed by filing Articles of Organization with the Secretary of State. Registration with the State Tax Department is also required.

Professional Limited Liability Company (PLLC)

A professional LLC is a type of limited liability company formed for the purposes of professional business practice. Chapter 30 of West Virginia Code specifically defines the types of business activities that may be registered for the purpose of “professional” practice. These include:

- Accountant (CPA)
- Acupuncturist
- Architect
- Attorney-at-Law
- Chiropractor
- Dentist
- Engineer
- Land Surveyor
- Medicine (Physician, Podiatry, Psychiatry)



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- Optometrist
- Osteopathic Physicians and Surgeons
- Psychologist
- Social Worker
- Veterinarian

One million dollars of general liability insurance must be carried at all times while the PLLC is in existence.

Verification of Eligibility

Written authorization from the appropriate professional state licensing board is required to register as a professional limited liability company. You must have an authorized representative from the licensing board complete the Secretary of State [Verification of Eligibility](#) (form VOE) and attach it to your Secretary of State business registration.

View the [Professional Licensing Boards](#) list for your board's contact information.

A West Virginia professional limited liability company (PLLC) is formed by filing Articles of Organization with the Secretary of State. Registration with the State Tax Department is also required.

Limited Liability Partnership (LLP)

A partnership can file as a registered limited liability partnership to limit the liability of its general partners. One million dollars of general liability insurance, which covers the partners and the partnership, must be carried at all times. The internal affairs are regulated by a partnership agreement, which is not required to be filed with the Secretary of State.

The LLP can be a good choice for businesses with multiple owners and professional groups (like attorneys and accountants). Chapter 30 of West Virginia Code specifically defines the types of business activities that may be registered for the purpose of "professional" practice. These include:

- Accountant (CPA)
- Acupuncturist
- Architect
- Attorney-at-Law
- Chiropractor
- Dentist
- Engineer
- Land Surveyor
- Medicine (Physician, Podiatry, Psychiatry)



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- Optometrist
- Osteopathic Physicians and Surgeons
- Psychologist
- Social Worker
- Veterinarian

Verification of Eligibility

Written authorization from the appropriate professional state licensing board is required to register as a professional limited liability company. You must have an authorized representative from the licensing board complete the Secretary of State [Verification of Eligibility](#) (form VOE) and attach it to your Secretary of State business registration.

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A West Virginia registered limited liability partnership is formed by filing a Statement of Registration with the Secretary of State. Registration with the State Tax Department is also required.

Limited Partnership (LP)

A limited partnership is formed by two or more persons who act as one or more general partners and one or more limited partners. A general partner makes the business decisions and controls the business. General partners are personally liable for the debts and obligations of the partnership. The limited partner has a stake in the company, usually through an investment of capital, but has limited control over business decisions. Limited partners are only liable to the extent of their investment in the company. Earnings for all partners are generally taxed as personal income.

The internal affairs are regulated by a written or oral partnership agreement, which is not required to be filed with the Secretary of State. Limited partnerships are governed by West Virginia Code Chapter 47 Article 9. Partnerships can be a good choice for businesses with multiple owners and professional groups (like attorneys and accountants).



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A West Virginia limited partnership is formed by filing a certificate of registration with the Secretary of State. Registration with the State Tax Department is also required.

Voluntary Association

A voluntary association is formed by a group of individuals who enter into an agreement, usually volunteers, for the purpose of conducting business, whether profit or non-profit, but does not include an organization formed as an unincorporated non-profit association. A statement of consent and recognition of the application of the laws of the State of West Virginia with respect to the voluntary association is required as part of the application. The internal affairs are regulated by an agreement of association, which is required to be filed with the Secretary of State, if one exists. Voluntary associations are governed by West Virginia Code Chapter 47 Article 9A.

A West Virginia voluntary association is formed by filing an Application of Registration of Voluntary Association with the Secretary of State. Registration with the State Tax Department is also required.

Business Trust

A business trust is commonly referred to as a "Massachusetts Trust" and is formed by persons who have organized together for the transaction of business under the provisions of a declaration of trust or agreement of association. A statement of consent and recognition of the application of the laws of the State of West Virginia with respect to the business trust is required as part of the application. The internal affairs are regulated by a declaration or agreement of trust, which is required to be filed with the Secretary of State. Business trusts are governed by West Virginia Code Chapter 47 Article 9A.

A West Virginia business trust is formed by filing an Application for Business Trust and the Declaration or Agreement of Trust with the Secretary of State. Registration with the State Tax Department is also required.

Unincorporated Non-Profit Association

A unincorporated non-profit association consists of members joined by mutual consent to pursue a common lawful purpose, usually for a temporary cause, that is not for profit. It is a legal entity separate from its members for the purposes of determining and enforcing rights, duties and liabilities in contract and tort. Unincorporated non-profit associations are governed by West Virginia Code Chapter 36 Article 11.

A West Virginia unincorporated non-profit association is formed by filing a Statement of Agent of Process for Unincorporated Non-Profit Association with the Secretary of State appointing an agent authorized to receive legal service of process notifications on behalf of the association. Registration with the State Tax Department is also required.