

Start your business in Mississippi

The Mississippi Secretary of State's Office would like to assist you in starting your new business. What may seem like a daunting task may be accomplished with relative ease, once you have chosen the type of business which best fits your needs. It is important to consider all of the possibilities when choosing your business structure.

Business Entities

Business may be conducted in Mississippi using many different types of entities, which may require registration with the Secretary of State. Each has advantages and disadvantages. When choosing how you want to operate your business, it is important to keep in mind:

- How many owners you will have.
- The relationship among the co-owners.
- The ability to sell your ownership interest.
- Liability for taxes and business debts.
- Record keeping requirements.

We recommend consulting with an attorney or accountant to determine the appropriate type of entity before setting up your business.

The following business types are recognized in Mississippi:

Sole Proprietorships:

In a sole proprietorship one person owns and operates the business. Because a sole proprietorship is not incorporated, it requires no filing with the Secretary of State. The individual owner is personally responsible for the debts and obligations of the business. Earnings are generally taxed as personal income for the owner.

General Partnerships:

Two or more persons may operate a business as a general partnership. Again, there is no Secretary of State filing requirement to form this type of entity. Many general partnerships will draft a partnership agreement to delineate the responsibilities of each partner. The partnership agreement need not be filed with the State.

The assets of a partnership are owned jointly by the partners. 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.

Limited Partnership (LP):

This business entity is a partnership with two levels of partners: general partners and limited partners. A general partner makes the business decisions and controls the business. The limited partner has a stake in the company, usually through an investment of capital, but has limited control over business decisions. A Certificate of Limited Partnership must be filed with the Secretary of State.

General partners are personally liable for the debts and obligations of the partnership. Limited partners are only liable to the extent of their investment in the company. Earnings for all partners are generally taxed as personal income.

Limited Liability Companies (LLC):

A limited liability company may be owned by one or more persons. The owners are called "members." All members may participate in managing the company or one or more members may be chosen to make decisions. Forming an LLC requires filing a Certificate of Formation with the Secretary of State.

Members of an LLC are not personally liable for the debts or liabilities of the company. Earnings may be taxed in several different ways. An LLC may have different levels of membership. The members may develop an operating agreement to govern the company. Limited liability companies generally have fewer formal record keeping requirements than corporations.

Mississippi has one of the most modern and comprehensive LLC statutes in the country.

Corporations:

A corporation may be owned by one or more persons. Owners are called "shareholders." A corporation is created by filing Articles of Incorporation with the Secretary of State. Corporations have officers elected by a board of directors that are elected by the shareholders. Corporations operate by a set of rules called "bylaws," which are drafted by the company and adopted by the shareholders. Bylaws are not filed with the State.

Shareholders of a corporation are not personally liable for the obligations of the company. Unlike an LLC, a corporation is subject to corporate income taxes on its revenues. Profits distributed to the shareholders may be taxed as income.

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.

Nonprofit Corporations:

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

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

To form the business entity of your choice, please visit the Business Formation and Services home page of the Secretary of State's website at www.sos.ms.gov. You may review a PowerPoint demonstration of our online filing system as a guide for the filing process. Then click the "File Business Documents" link to set up your personal filing account. This will allow you to file all of your business documents with the Secretary of State.

Foreign companies: A company is considered "foreign" if it is already formed in another state and under the laws of that state. A company formed in Mississippi is considered "domestic."

Mississippi encourages foreign companies to do business in Mississippi. If your out-of-state company will be conducting business in Mississippi, you are likely required to register with the Secretary of State. If any of your employees will be in the State for a total of thirty (30) days in any given year, registration is required. Be aware certain foreign businesses, such as contractors or those doing business with State agencies, may be required to register, regardless of the time spent by employees in Mississippi.

Registration of your foreign business is simple. After logging into our filing system, find the link for registering out-of-state businesses. You will be required to provide basic information regarding your company. A registered agent with a street address inside Mississippi and a certificate of good standing from your home state dated within the last six months must also be provided.

Other Registrations:

After setting up your business entity, you may have additional required registrations with other governmental agencies.

The Internal Revenue Service: Many entities, such as corporations and nonprofits, are required to obtain a federal tax ID number or a federal employee identification number. Other entities may need this number, particularly if the business will have employees. You must contact the IRS in order to obtain a tax ID number. Please visit www.irs.gov for more information.

Mississippi Department of Revenue: The Mississippi Department of Revenue collects state taxes including income tax and sales tax. Most entity types will be required to register with the Department of Revenue. Companies may register online at www.dor.ms.gov.

Unemployment Insurance Registration: If your company has employees, you may need to register for unemployment insurance with the Mississippi Department of Employment Security. If you are not certain about the need for unemployment insurance, seek professional financial or legal advice. Additional information can be found online at www.mdes.ms.gov.

Charities Registration: A nonprofit Corporation planning to solicit contributions from the public through any means, including the Internet, may be required to register with the Secretary of State's Charities Division prior to beginning any solicitation efforts. This registration is separate and in addition to any required filings with the Business Services Division. To discover whether your charity must register, you may call the Charities Division at 601-359-1371.

Obtaining 501(c)(3) Tax Exempt Status: If a nonprofit Corporation is organized and operated exclusively for a charitable, religious or educational purpose, it may also qualify for federal tax exempt status under section 501(c)(3) of the Internal Revenue Code. Please visit www.irs.gov or consult a tax advisor for further information on obtaining tax exempt status.

Special Registrations:

Companies engaging in certain types of business may be required to file additional registrations, pass examinations or provide certifications to other agencies or boards of the state of Mississippi. If you believe your business may have such a requirement, please contact the appropriate agency or visit their website. For your convenience, some of the state agencies or boards are listed below.

Agricultural Aviation Board of Mississippi	662-258-3474	www.AAB.state.MS.US
Department of Agriculture and Commerce	601-359-1100	www.MDAC.state.MS.US
Board of Architecture	601-856-4652	www.ARCHBD.state.MS.US
Department of Banking and Consumer Finance	601-359-1031	www.DBCF.state.MS.US
Board of Barber Examiners	601-359-1015	
Board of Chiropractic Examiners	662-773-4478	www.msbce.ms.gov
Board of Cosmetology	601-354-5315	www.MSBC.state.MS.US
Board of Dental Examiners	601-944-9622	www.msbde.state.MS.US
Board of Engineers and Surveyors	601-359-6160	www.pepls.state.MS.US
Department of Environmental Quality	601-961-5241	www.DEQ.stae.ms.us
Board of Contractors	601-354-6161	www.MSBOC.state.MS.US
Examiners for Licensed Professional Counselors	662-716-3932	www.LPC.state.MS.US
Examiners for Social Workers & Marriage/Family Therapists	601-987-6806	www.SWMFT.MS.gov
State Board of Funeral Service	601-932-1973	www.msbfs.ms.gov

Gaming Commission	601-576-3800	www.MGC.state.MS.US
Board of Registered Professional Geologists	601-354-6370	www.MSBRPG.state.MS.US
State Department of Health	601-576-7400	www.MSDH.state.MS.us
Institutions of Higher Learning	601-432-6647	www.IHL.state.MS.US
Department of Insurance	601-359-3569	www.DOI.state.MS.US
Board of Massage Therapy	601-919-1517	www.MSBMT.state.US
Board of Medical Licensure	601-987-3079	www.msbml.state.MS.US
Mississippi Auctioneer Commission	601-364-2387	www.mississippiauctioneers.org
Board of Nursing Home Administrators	601-362-6914	www.bnha.state.ms.us
State Board of Nursing	601-987-4188	www.msbn.state.ms.us
State Board of Optometry	601-919-1343	www.MSBO.MS.gov
Board of Pharmacy	601-605-5388	www.MBP.state.MS.US
Real Estate Commission	601-932-6770	www.mrec.MS.gov
Department of Transportation	601-359-7600	WWW.GOMDOT.com
Alcoholic Beverage Control Office	601-856-1301	www.mdor.state.ms.us
Department of Public Safety	601-987-1212	www.DPS.state.MS.US

