

Making the Move

Considerations when relocating your company.

BY CLEVE CLINTON

If you are considering moving your company from another state to job-friendly Texas, here are some of the most important legal considerations that might affect such a relocation.

Company Entity—You have three options when it comes to classifying, structuring, and operating your company:

1. *Continue*—You can maintain your company in the state where it was formed and register as a foreign entity doing business in Texas, undertaking foreign qualification. However, if you keep both entities, you will pay duplicative annual report and/or franchise taxes, and tax filings can sometimes be complicated for the entity and its owners. If you incorporated in Delaware or Nevada, you were probably foreign qualified in your current state. You can eliminate your current state and register as a foreign entity in Texas.
2. *Liquidate*—You can liquidate your company in the old state and form a new entity in Texas. This may result in federal tax issues if you have a C corporation, which is taxed separately from its owners, but this is unlikely if you have a limited liability company. For any corporate entity, there are state-mandated formalities if you dissolve your business, depending upon the state where this is done, often requiring document preparation (dissolution papers) as well as filing and paying any outstanding taxes and dissolution fees.
3. *Reorganize*—You can undergo a reorganization, forming an entity in Texas and merging the old company into the new. This can be done entirely tax-free for a C corporation.

Legal Documents

1. *Contracts*—Because your legal jurisdiction is now in Texas, it makes sense for your documents to refer to Texas law. Texas law treats at least some contract provisions differently. Review and update your legal documents, both those that deal with your customers and with your vendors. Many aspects of your employee handbook, whether it is based on information from the internet or is tailored to suit your company, will need to be different in Texas. There are many free easy-to-understand employee handbooks online.

Update Your Address

1. *Federal government*—The IRS requires no changes to information such as your employer ID number, but you must complete Form 8822, Change of Address (Part II), and designate if you are changing only the mailing address or are also changing notifications for business income, excise, employment, and other tax matters.
2. *State government*—The Texas Secretary of State requires companies to register to do business in Texas, which will perhaps necessitate amending documents, like the articles of incorporation for a corporation or the articles of organization for a limited liability company, and notification of any address change. If you elect to be organized in one state and registered to do business in another, you must maintain registered agents in each state and complete each state's filing and reporting requirements.
3. *Marketing materials*—Update your website, email marketing templates, email signature, business cards,

and social media accounts.

4. *Online*—Change your physical address as listed on your website, Google Places, Yelp, Bing Places, and any other search engines you've registered your business with.
5. *Automatic payment accounts*—When your address changes at your credit card company or bank, all online auto-charges to your business credit card will stop until the address is updated.

Becoming a Texan

1. *Wills and estates*—Because Texas is a community property state, the law affects your current estate plans very differently. It may also impact your legal rights and obligations in other life changes, such as a divorce and your children becoming adults since your last will update.
2. *Texas driver's license and vehicle registration*—Update your local address within 30 days of your move.
3. *Voter registration*—Notify the county voter registrar.
4. *Insurance and credit cards*—Notify your agent and issuer.
5. *Safe-deposit box*—Have you inventoried or updated your safe-deposit documents lately?

If you are moving your business across the United States, it's time to check up on your company structure, your contracts, your internet presence, and the records affecting rights and privileges in your personal life. **TBJ**

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