

On the Move? Take Your New York or New Jersey Business With You

by Dan Brecher on August 1, 2013

Moving a small business from one state to another creates a host of practical and legal concerns, but it is possible. If the new state is more business friendly, the move may actually benefit in the long run.

The process of relocating your business largely depends on its corporate structure. As with most other business tasks, the sole proprietorship is the most straightforward, while corporations pose the biggest headache.

- Sole proprietorships and partnerships: Business owners only need to file a “Doing Business As” (DBA) registration in the new state and terminate the registration in the old state. Depending on the type of business you run, you may also need to obtain licenses and permits before you can become operational in the new state.
- Limited liability corporations: Owners of an LLC have several options. The first option is to continue the existing LLC in the new state by registering as a foreign LLC. The second is to liquidate the existing LLC and form a new LLC in the new state. The third choice is to form an LLC in the new state and merge the existing business into it.
- Corporations: C and S corps also have several ways to relocate, much like LLCs. However, shareholders must consent to the decision if it involves liquidation, merger or other material changes impacting shareholders. The options include registering as a foreign corporation in the new state; dissolving the old corporation and forming a new one; and reorganizing by merging the existing corporation into a corporation in new state.

Of course, registering in the new state is not the only legal and business concern. Business owners should carefully evaluate the costs of relocating, including moving staff, supplies, inventory and equipment, as well as the potential tax implications. There is also the need to look at the agreements and contracts the business has with its owners, management, employees and third parties, which may be affected by the move. To fully evaluate the range of issues you may face, it is best to consult with an experienced business attorney who can guide you through the process.

If you have any questions about relocating your business or would like to discuss the legal issues involved, please contact me, Dan Brecher, or the Scarinci Hollenbeck attorney with whom you work.