

Business Formation Utah: What You Need To Know Before You File

Starting a business in Utah is exciting. The state has a strong economy, a growing tech scene, and a regulatory environment that generally supports entrepreneurs. But the paperwork and legal decisions that come with business formation Utah can trip up even the most prepared founder. I have worked with dozens of startups and small business owners over the years, and I can tell you that the choices you make at the very beginning will shape how you operate, pay taxes, and handle liability for years to come.

This article walks through the practical side of forming a business in Utah. I will cover the common entity types, what Utah requires, and the traps I see people fall into. The goal is to give you a grounded understanding so you can have a real conversation with a lawyer or accountant, not to replace that advice. If you are looking for a professional to guide you through the process, someone like Jeremy Eveland business formation utah is a good place to start. But let us dig into the details first.

How much does it cost to file
for guardianship in Utah?

to ask for it.

\$175 filing fee - \$35 when the ward is your own child - 878A-3-300

Jeremy Eveland | Utah Attorney | 801-811-2112

Choosing the Right Entity Type

The first big decision is what kind of legal structure your business will have. Utah recognizes most common entity types, but the three I see most often are the LLC, the S corporation, and the C corporation. Each has different trade-offs in terms of paperwork, taxes, and liability protection.

An LLC is the default choice for many small businesses and freelancers. It is relatively simple to set up, offers personal liability protection, and gives you flexibility in how you are taxed. You can be taxed as a sole proprietor, a partnership, an S corporation, or a C corporation. The most common path is to be taxed as a sole proprietor or partnership, which means your business income flows through to your personal tax return. You avoid double taxation, but you still pay self-employment tax on your share of the income.

S corporations are popular with business owners who want to reduce self-employment tax. If you elect S corporation status, you can take a reasonable salary and then receive the rest of the profits as distributions, which are not subject to self-employment tax. The catch is that S corporations have stricter rules. You can only have 100 shareholders, all must be U.S. citizens or residents, and you can only have one class of stock. Plus, the IRS is watching to make sure your salary is reasonable. If you pay yourself too little, they can reclassify distributions as wages and hit you with back taxes.

C corporations are less common for small businesses because of double taxation. The corporation pays tax on its profits, and then you pay tax again when you take dividends. But if you plan to raise venture capital or go public, a C corporation is often the expected structure. Investors prefer the clear ownership and governance that come with corporate stock.

Utah Specific Requirements

Once you pick an entity type, you need to file the right paperwork with the Utah Division of Corporations. For an LLC, that means filing Articles of Organization. For a corporation, it is Articles of Incorporation. Both are done online through the state portal, and the fee is relatively modest. As of 2025, the filing fee for an LLC is \$70, and for a corporation it is \$70 plus a \$20 name reservation fee if you want to reserve your name before filing.



A common mistake I see is people not checking name availability before they file. Utah requires your business name to be distinguishable from any existing entity on record. You can check availability for free on the state website. It is worth doing before you print business cards or order signage.

Utah also requires you to designate a registered agent. That is a person or service that agrees to accept legal documents on behalf of your business. You can be your own registered agent, but then your address becomes public record, and you need to be available during business hours to accept service of process. Many people prefer to use a commercial registered agent service to keep their home address private and avoid missing important documents.

Another requirement that surprises people is the annual report. Every Utah LLC and corporation must file an annual report with the Division of Corporations. The fee is \$15 for LLCs and \$20 for corporations, and the report is due by the end of the anniversary month of your original filing. If you miss the deadline, the state will send a reminder, but if you ignore it long enough, your business can be administratively dissolved. I have seen that happen to a few clients who thought the annual report was optional. It is not.

Tax Registration and Licenses

After entity formation, you need to register for taxes. If you will sell goods or provide certain services, you need a Utah sales tax license, which you can get through the Utah State Tax Commission. You also need an Employer Identification Number from the IRS, even if you have no employees. Banks require an EIN to open a business bank account, and the EIN is how the IRS tracks your business tax filings.

Depending on your industry, you may also need professional or occupational licenses. Utah licenses everything from contractors and cosmetologists to real estate agents and mortgage brokers. The state has a searchable database of license requirements. Do not assume you are exempt just because you are a small operation. I once worked with a handyman who got fined for doing electrical work without a license. He thought he was just doing a favor for a friend, but the state saw it differently.

Operating Agreements and Bylaws

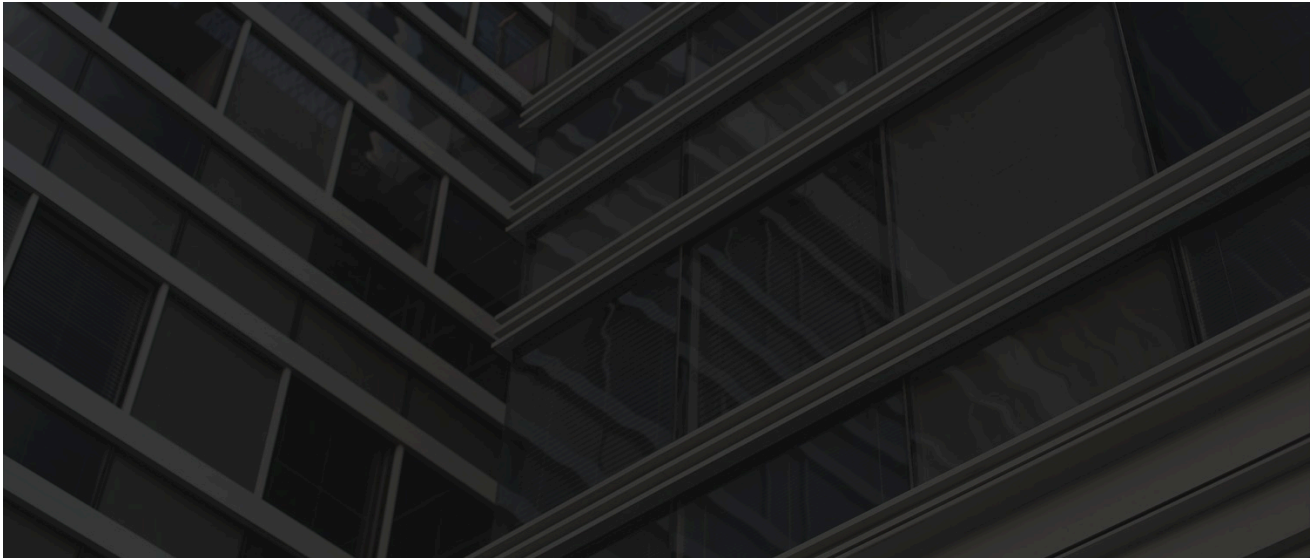
A lot of people skip the operating agreement or corporate bylaws because the state does not require them. That is a mistake. These internal documents define how your business will be run, who has authority to make decisions, and what happens if a founder leaves or dies. Without them, you default to the state's default rules, which may not match your situation.

For an LLC, an operating agreement is especially important if you have multiple members. It can spell out how profits and losses are shared, how new members are admitted, and how disputes are resolved. For a single-member LLC, an operating agreement still provides evidence that you are treating the business as a separate entity, which matters if you are ever sued and need to prove the corporate veil should protect your personal assets.

For a corporation, bylaws are the internal rulebook. They cover how directors are elected, when meetings are held, and how officers are appointed. They also help you maintain corporate formalities, which is a requirement for S corporation tax treatment. If you do not follow your bylaws, the IRS can challenge your S corporation election.

Common Mistakes and How To Avoid Them

I have seen business owners make the same handful of errors again and again. Here are the ones I would watch out for:



- Mixing personal and business finances. This is the number one way to lose liability protection. Always open a separate business bank account and use it for every business transaction.
- Waiting too long to file. Some people start operating as a business before they file with the state. That exposes them to personal liability for any debts or claims that arise during that period.
- Choosing the wrong tax election. Many LLC owners do not realize they can elect S corporation tax treatment. They end up paying more self-employment tax than necessary.
- Ignoring local licenses. A business license from the city or county is often required on top of state registration. Check with your local government.
- Not renewing the annual report. It is a small fee and a quick online form, but if you forget, your business can be dissolved.

If you want professional help navigating these choices, consider talking to someone who handles this work daily. A lawyer who focuses on business law can help you pick the right entity, draft proper operating documents, and make sure you stay compliant. For example, [Jeremy Eveland business formation utah](#) is a service that covers exactly this territory. But regardless of who you hire, the key is to do your homework first.

Final Thoughts on Getting Started

Business formation Utah does not have to be overwhelming, but it does require attention to detail. The decisions you make at the start will have ripple effects on your taxes, your liability, and your ability to raise money later. Take the time to understand your options, consult with professionals, and set up your structure correctly from day one.

One last thing: keep good records from the beginning. Save your formation documents, your EIN confirmation, your operating agreement, and any licenses you obtain. You will need them when you apply for financing, when you file taxes, and if you ever sell the business. If you work with a lawyer like Jeremy Eveland business formation utah, they will likely help you set up a system for this. But ultimately, the responsibility is yours.

Starting a business is a big step. Make sure your foundation is solid before you start building on it.

Follow Jeremy Eveland on  [Twitter](#)  [LinkedIn](#)  [Facebook](#)  [Instagram](#)  [YouTube](#)

[Discord](#)

[Telegram](#)

[Pinterest](#)