Setting Up a Single-Member LLC

A quick-reference overview of formation steps and how to obtain an EIN

Formation Steps

A single-member LLC (SMLLC) is a limited liability company with one owner ("member"). It combines the liability protection of a corporation with the simplicity and pass-through taxation of a sole proprietorship. Exact filing requirements and fees vary by state, so confirm details with your state's filing office.

1. Choose a business name. The name must be distinguishable from existing entities in your state and typically must include an LLC designator (e.g., "LLC" or "L.L.C."). No formal name reservation is needed — the name is secured when you file.
2. Appoint a registered agent. A person or company authorized to receive legal and tax documents on the LLC's behalf in the state of formation. As the owner, you may typically serve as your own registered agent, using any mailing address in the state.
3. File Articles of Organization. Submit this formation document (name varies by state) and pay the state filing fee with your Secretary of State or equivalent agency.
4. Draft an Operating Agreement (optional). Not legally required in most states, but recommended — it documents that the LLC is a distinct entity and helps preserve liability protection.
5. Obtain an EIN from the IRS. See the EIN section for details — required for most SMLLCs (see next column).
6. Open a dedicated business bank account. Keep business and personal funds separate to preserve the liability shield.
7. Maintain ongoing compliance. File any required annual/biennial reports and renew licenses to keep the LLC in good standing.

Applying for an EIN

(Employer Identification Number)

Who needs one: An SMLLC is taxed by default as a "disregarded entity," but the IRS still requires an EIN if the LLC has employees, files excise tax returns, or elects corporate taxation. In practice, most banks also require an EIN to open a business account, so nearly all SMLLCs should obtain one.

Cost: Applying is always free directly through the IRS. Be wary of third-party sites that charge a fee for this service.

How to Apply Online:

(fastest method)

- Apply at the IRS EIN Assistant: irs.gov – Apply for an EIN Online
- You must be the "responsible party" (or an authorized representative) with a valid SSN or ITIN, and the business must have a U.S. principal location
- The online session must be completed in one sitting (times out after 15 minutes of inactivity)
- The EIN is issued immediately upon completion — print/save the confirmation letter (Form CP 575)
- Available Mon–Fri, 6:00 a.m.–1:00 a.m. ET (Sat/Sun hours are more limited)

Alternative methods:

Fax or mail Form SS-4 (4 business days by fax; 4–5 weeks by mail), or by phone for international applicants.

Helpful Official Resources:

- Apply for an EIN Online
- Single-Member LLC Tax Guidance
- SBA – Choose a Business Structure
- NASS – State Business Filing Offices (all states)

Default Federal Tax Treatment

Unless the owner elects otherwise (e.g., S-corp election via Form 2553), the IRS "disregards" the SMLLC for federal income tax purposes: business income/loss is reported on the owner's Form 1040 (Schedule C, E, or F), and the owner pays self-employment tax. The LLC is still treated as a separate entity for employment taxes and certain excise taxes.

This one-pager is provided for general informational purposes only and does not constitute legal, tax, or accounting advice. State requirements vary; consult a licensed attorney and tax professional before forming or relying on the structure of any business entity. Prepared August 2026.