



Forming an LLC

Forming an LLC in Texas is easy, just follow these simple steps:

You will need to file the Texas Certificate of Formation to set up an LLC (limited liability company) in Texas. The Certificate of Formation is the document that officially creates your Texas LLC and it can be filed online, or by mail. The filing cost is \$300.

STEP 1. Name Your Texas LLC

Choosing a company name is the first and most important step in starting your LLC in Texas. Be sure to choose a name that complies with Texas naming requirements and is easily searchable by potential clients.

1. Follow the naming guidelines for a Texas LLC:

- Your name **must include** the phrase "limited liability company," or one of its abbreviations or words: "LLC, L.L.C., Limited, Ltd., Company or Co."
- Your name **cannot include** words that could confuse your LLC with a government agency (FBI, Treasury, State Department, etc.).
- Restricted words (e.g. Bank, Attorney, University) **may require** additional paperwork and a licensed individual, such as a doctor or lawyer, to be part of your LLC.
- For a complete list of naming rules in Texas, you can read the [Texas Secretary of State's guidelines](#).
- **2. Is the name available in Texas?** Make sure the name you want isn't already taken by doing a [name search](#) on the Texas Comptroller of Public Accounts website.

- **3. Is the URL available?** We recommend that you check online to see if your business name is available as a [web domain](#). Even if you don't plan to create a business website today, you may want to buy the URL in order to prevent others from acquiring it.

STEP 2. Choose a Registered Agent in Texas

You are **required** to appoint a [Registered Agent](#) for your Texas LLC.

What is a Registered Agent? A registered agent is an individual or business entity responsible for receiving important tax forms, legal documents, notice of lawsuits, and official government correspondence on behalf of your business. Think of your registered agent as your business' point of contact with the state.

Who can be a Registered Agent? A registered agent must be a resident of Texas or a corporation, such as a [registered agent service](#), authorized to conduct business in the state of Texas. You may elect an individual within the company including yourself.

A Registered Agent must consent to Appointment in written or electronic form. The statement of consent should include:

1. The name of your LLC
2. An express statement that the person designated consents to serve as the LLC's registered agent
3. The name of the person designated as registered agent
4. The signature of the registered agent
5. The date of execution

The consent statement does not have to be filed with the secretary of state. For in-depth information on this requirement, as well as a fillable consent form, view the Acceptance of Consent Form [401-A](#).

To learn more about [Texas Registered Agents](#), read our full guide.

STEP 3. File The Texas LLC Certificate of Formation

To register your Texas LLC, you'll need to file [Form 205 - Certificate of Formation](#) with the Texas Secretary of State. You can apply online, by mail, or in person.

When filing your Certificate of Formation, you'll need to state whether your LLC will be [member-managed vs. manager-managed](#).

STEP 4. Create a Texas LLC Operating Agreement

An operating agreement, known in Texas as a **company agreement**, isn't required for Texas LLCs, but it's a good practice to have one.

What is an operating agreement? An operating agreement is a legal document outlining the ownership and operating procedures of an LLC.

Why are operating agreements important? A comprehensive operating agreement ensures that all business owners are on the same page and reduces the risk of future conflict.

For more information on operating agreements, read our [Texas LLC operating agreement](#) guide.

STEP 5. Get an EIN for your Texas LLC

What is an EIN? The Employer Identification Number (EIN), Federal Employer Identification Number (FEIN), or Federal Tax Identification Number (FTIN), is a nine-digit number issued by the Internal Revenue System (IRS); an Employer ID Number is used to identify a business entity and keep track of a business's tax reporting. It is essentially a Social Security number (SSN) for the company.

Why do I need an EIN? An EIN number is required for the following:

- To open a [business bank account](#) for the company
- For Federal and State tax purposes
- To hire employees for the company

Where do I get an EIN? An EIN is obtained from the IRS (**free** of charge) by the business owner after forming the company. This can be done online or by mail.

Important Steps After Forming an LLC

Separate Your Personal and Business Assets

When your personal and business accounts are mixed, your personal assets (your home, car, and other valuables) are at risk in the event your Texas LLC is sued. In business law, this is referred to as [piercing the corporate veil](#).

You can start protecting your LLC in Texas with these steps:

1. Opening a business bank account:

- Separates your personal assets from your company's assets, which is necessary for personal asset protection.
- Makes accounting and tax filing easier.

Need help finding your EIN for your bank application? Visit our [EIN Lookup guide for help](#).

2. Getting a business credit card:

- Helps you separate personal and business expenses.
- Builds your company's credit history, which can be useful to raise capital (e.g., [small business loans](#)) later on.