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Comparison for Close Corporation and C-Corporation in Nevada

This article will compare similarities and differences between Nevada Close Corporation and C-Corporation from corporate structure, registration requirements, and tax treatment.

Corporate Structure

	Close Corporations	C Corporations
No. of Shareholder	No more than 30 shareholders	At least 1 shareholder
No. of Director	Can have no directors	At least 1 director
Annual Meeting Requirements	Generally not required, unless one or more shareholders request the corporation to hold an annual meeting in writing. The corporation shall hold a meeting within 30 days of receiving the written request.	Need to hold an annual meeting
Stock transfer/stock rights restrictions	There are restrictions, the articles of incorporation, shareholder agreements will restrict the transfer of stocks and affect the rights and interests of stocks.	There are not any restrictions
Advantages	<ol style="list-style-type: none"> 1. Compared with a corporation, there are fewer rules to follow. 2. The shareholders of a closed corporation are not personally liable for the corporation's debts. Except when shareholders sign an agreement to be personally responsible for the corporation's debts. 3. a closed corporation can provide each shareholder with more control over the shares. 	<ol style="list-style-type: none"> 1. Will always exist, even if the shareholder leaves the corporation, passes away, becomes disabled, or sells shares. 2. Shareholders, senior executives, and directors generally bear the limited liability of a corporation. 3. shareholders can buy, sell, and transfer shares by themselves, as well as the rights and interests attached to the shares.
Disadvantages	<ol style="list-style-type: none"> 1. Shareholders' involvement in the corporation's operations may be subject to directors' fiduciary duties. Shareholders may be liable for failure to perform their fiduciary duties. 2. Because there are no publicly traded stocks, close corporations cannot raise funds from people other than shareholders. 3. Double taxation is just like a corporation unless you choose the form of an S corporation tax. 	<ol style="list-style-type: none"> 1. The corporation's losses cannot be deducted. 2. Generally, there are more and more complicated regulations to be complied with, such as submitting many corporate documents, including corporation meeting minutes, corporation articles of incorporation, etc. 3. Will be double taxed.

Registration in Nevada

	Close Corporations	C-Corporations
Registration Procedure	<ol style="list-style-type: none"> 1. Perform name availability search and determine the corporation's name 2. Choose a registered agent and registered address in Nevada 3. File registration documents with the Nevada State government 4. Create corporation bylaws and relevant documents 5. Make a corporate kit 6. Apply for EIN 	
Registration Matters	<ol style="list-style-type: none"> 1. The corporation cannot publicly issue its shares. 2. The articles of incorporation must clearly state that the registered corporation is a close corporation. 3. The articles of incorporation can stipulate the qualifications of shareholders. 4. If no directors are established, the articles of incorporation must clearly state this. 5. File the articles of incorporation online. 6. File the initial or annual list of officers and directors online and business license applications. 	<ol style="list-style-type: none"> 1. File the articles of incorporation online. 2. File the initial or annual list of officers and directors online and business license applications.
Corporation Annual Renewal	Required	Required

Tax Treatment

Tax- Business Entity

	Close Corporations	C-Companies
Federal Income Tax	Form 1120; 21%	Form 1120; 21%
Nevada State Income Tax	Nevada state has no state income tax	
Nevada State Other	<ol style="list-style-type: none"> 1. When a corporation sells tangible products in Nevada, it is required to submit a sales tax return. When the corporation only provides services in Nevada, it only needs to submit a use tax return. The deadline depends on the frequency of sales tax or use tax file. There are three types of reporting frequency: monthly, quarterly, and yearly. 2. When the corporation has employees in Nevada, it is required to submit a modified business tax return. The deadline is April 30, July 31, October 31, and January 31 of the following year. 3. When the corporation's annual gross receipt in Nevada exceeds \$4 million, it needs to submit a commerce tax return. The deadline is 45 days after the end of the fiscal year. June 30th of each year is the end date of the fiscal year. The deadline for 2020-2021 commerce tax returns is August 16, 2021. 	

Shareholder level

A close corporation and a c-corporation are basically the same in terms of shareholder tax treatment.

Reference :

<https://www.leg.state.nv.us/NRS/NRS-078A.html#NRS078ASec040>

<https://www.leg.state.nv.us/NRS/NRS-078.html>

<https://www.legalnature.com/guides/what-is-a-close-corporation#close-corporation-formation>

<https://www.incorporate.com/starting-a-business/c-corporation/>

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