



DELAWARE LIMITED LIABILITY COMPANIES (“LLC”)

Members: It is required a minimum of one Member, which can be either natural or legal person. This figure is equivalent or similar to the shareholder of a corporation. If the member of an LLC is a natural person, estate taxes would be generated at the time of his death and these would be based on net asset value. To avoid this tax, usually a member of an LLC is a foreign corporation.

Manager: A minimum of one Manager is allowed. LLC Members can be Managers. Managers are elected by the Members of the LLC, and may hold one or more positions.

Capital and Certificates of Membership: There is no special requirement on the amount of capital of the LLC must be expressed in U.S. dollars. This amount does not have to be recorded in the Public Registry or the Operating Agreement ("Operating Agreement") to subscribe to the members of the LLC. Usually included in the Articles of Organization passed by the members of the LLC.

The LLC does not issue shares. Each member of the company is issued a Membership Certificate (similar to a stock certificate) which state that a member of the LLC. The input and partition of each member recorded in the Articles of Organization and the Operating Agreement, respectively.

Public Records: The State of Delaware maintains a Register of Companies. However, it is necessary to record information related to the Members of the LLC. The only information that usually maintains the Public Registry is the name of the LLC, and the name and address of the registered agent of the LLC, which is included in the Certificate of Formation (document by which the LLC is organized at the time of registration). However, additional information can be incorporated in the Certificate of Formation as the customer wishes.

Company Records: All corporate documents and records concerning the LLC are held by the owners thereof.

Registered Agent: Every LLC must maintain a registered agent in Delaware with a local address.

Tax Treatment: The LLC with one member have a different tax treatment in the United States, unlike common Corporations. These LLC are treated for tax purposes as a corporate entity not taxed at the corporate level as with normal corporations. If the only member of a Delaware LLC is not a resident or citizen of the United States, there are no tax implications in that country at the federal level or state level, as long as all the business generated by the LLC are made outside United States and the LLC has no assets in that country. If the LLC has more than one member will have to analyze the tax implications of the case.



Continuation in a foreign jurisdiction: A Corporation or any other kind (including “partnerships”), a trade association or a trust (“trust business”) can continue its existence as an LLC if they choose its partners, shareholders, Members or owners, as applicable and permitted by the respective law thereof. Similarly, an LLC may be transferred to another jurisdiction. In such case, the company may also decide to continue to exist as an LLC (Delaware) or not.

Other Requirements: In the case of LLCs that do not have to pay tax in the United States of America (see section "Tax Treatment"), there is no need to submit tax returns or financial or accounting information to the authorities of that country.



Kuzniecky & Co.

This information leaflet was prepared for the assistance of the clients of **KUZNIECKY & CO.** It does not completely cover the topics treated, but was conceived to answer basic questions regarding formation of Delaware LLCs..

If and when specific questions or problems arise, please refer to the relevant laws and/or obtain specific legal advice.