ARIZONA LLC STARTER GUIDE

Thinking about an Arizona LLC?

A plain-language walk through what an LLC is, whether it fits your business, how to form one, and what to decide along the way.



1 What an LLC is
2 Is it the right fit?
3 Words and decisions
4 Forming and upkeep
5 Your operating agreement

An LLC is a separate "person"

A **limited liability company (LLC)** is a business that the law treats as separate from its owners. The business can own property, sign contracts, and owe debts in its own name.

A business debt or lawsuit lands here

WHAT THE BUSINESS OWNS

- Food truck
- Business bank account
- Equipment

Can be reached by the people the business owes.

LLC

The claim generally stops here

Generally protected

WHAT YOU OWN PERSONALLY

- Home
- Car
- Savings

Generally not on the line just because you are an owner.

Example. A food truck LLC falls behind on a supplier bill. The supplier can go after the LLC's truck and bank account, not the owner's house.

The shield has gaps

You can still be personally responsible when:

You sign a personal guarantee

That is a promise to pay the business's debt yourself. Banks and landlords often ask new businesses for one.

You personally cause harm

For example, you cause a car accident while making a delivery for the business.

You mix business and personal money

A court can set the shield aside when owners treat the business's money as their own.

Also good to know. An LLC does not replace business insurance, and forming one does not by itself lower your taxes.

Three things people mix up

"I got my LLC."

Arizona Corporation Commission (ACC)

You filed Articles of Organization with the state. The business now exists.

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"I got my EIN."

IRS

The IRS gave the business a tax ID number. This is separate from forming the LLC.

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"I have a business license."

City, county, or state agency

An agency allowed you to do a certain kind of work. An LLC is not a license.

2 Is an LLC the right fit for you?

An LLC is one of several ways to set up a business. Each has trade-offs, and the choice is yours.

Four common ways to set up a business

Structure	How it starts	Are owners personally liable for business debts?	Paperwork to keep up
Sole proprietorship One owner, no separate entity	Automatically, when you start doing business.	**Yes.** You and the business are the same person.	**Lowest**
General partnership Two or more owners, no separate filing	Automatically, when two or more people run a business together for profit.	**Yes,** each partner, even for the other partner's business mistakes.	**Low**
LLC One or more owners, called members	By filing Articles of Organization with the ACC.	**Generally no,** with the gaps shown on page 1.	**Moderate** No annual report in Arizona.
Corporation Owned by shareholders	By filing Articles of Incorporation with the ACC.	**Generally no.**	**Highest** Directors, officers, bylaws, and an annual report.

Six questions to ask yourself

1 How much could go wrong?
Employees, vehicles, on-site customers, and large contracts add risk.

2 What do I want kept separate?
Think of a home, a car, or savings outside the business.

3 Am I going in with someone?
If so, you may already be a general partnership without knowing it.

4 Will I bring in investors?
Some investors expect a corporation. Take this one to an attorney.

5 Can I keep money separate?
Business and personal, fully apart. The LLC's protection depends on it.

6 What will it cost me?
Compare the cost to set up and maintain it with what it protects.

A word on taxes

An LLC is a legal structure, not a tax category.

One owner
Taxed like a **sole proprietorship**.
IRS DEFAULT

Two or more owners
Taxed like a **partnership**.
IRS DEFAULT

Either way, the profit "passes through" to the owners' personal tax returns.

If the LLC asks the IRS
It can be taxed as a **corporation** instead, including as an "S corporation." Whether that helps depends on your numbers.

A question for a CPA

Bring in an attorney or CPA if...

A licensed professional can advise you on your own situation.

- You are considering S corporation or C corporation taxes.
- Someone will invest money without working in the business.
- You want to give a worker a share of the business.
- The owners already disagree about something important.
- You will do business in more than one state.
- Your work requires a state license, such as accounting or medicine. A professional LLC (PLLC) may apply.
- You find yourself asking, "Which option should I choose?"

3 Words to know, decisions to make

The terms you will see on state forms, and five choices to settle before you file.

Words you will see

Member An owner of the LLC. Two friends open a shop as an LLC: each one is a member.

Manager A person chosen to run the LLC. A manager may or may not be an owner.

Member-managed All owners run the business together. This is Arizona's default.

Manager-managed Only the named managers run the business. Other owners are more like investors.

Statutory agent The Arizona person or company that accepts lawsuits and official mail for the LLC. Other states say "registered agent."

Default rule What Arizona law says happens when your operating agreement is silent.

Articles of Organization The short public form filed with the ACC that creates the LLC.

Contribution What an owner puts into the LLC: cash, equipment, or other property.

Distribution Money the LLC pays out to its owners from profits.

EIN Employer Identification Number. The business's tax ID from the IRS.

Operating agreement The owners' private contract: money, votes, and what happens when someone leaves.

TPT license Transaction privilege tax license. Arizona's version of a sales tax license.

Five decisions to make before you file

1 The name

The name must be different enough from names already on state records. A name search on the ACC website is a first look only. The ACC makes the final call when you file.

MUST INCLUDE ONE: LLC · L.L.C. · LC · L.C. · limited company · limited liability company

MAY NOT INCLUDE: × association · × corporation · × incorporated

RESTRICTED: banking words · trust words

2 The statutory agent

Every Arizona LLC needs one, with an Arizona street address: an Arizona resident, including you, or an agent service. The LLC cannot be its own agent.

If you serve as your own agent	No added cost. Your address appears on the public record.
If you hire an agent service	You pay a yearly fee. The service's address appears instead.

3 Who runs it

You pick one on the Articles of Organization.

If member-managed	Every owner can sign contracts and make everyday decisions.
If manager-managed	Only the managers can. Other owners decide only the matters the law or your agreement reserves for them.

4 Who owns it, and how much

Decide who the members are, what each one contributes, and what share each one holds.

Put it in writing. A promise to contribute is enforceable only if it is in a signed record.

5 What goes public, what stays private

Public (Articles)
LLC name, addresses, agent, and the names of members or managers.

Private (agreement)
Ownership percentages, contributions, and profit splits.

4 Forming it and keeping it in good shape

Nine steps from a name to open for business, then the habits that keep the LLC's protection working.

How forming an Arizona LLC works

Get ready · File with the ACC · Set up to operate

1 Check the name

Search the ACC's records. You may reserve a name for **120 days** for **$10**, but you do not have to.

2 Line up the statutory agent

The agent must accept the appointment in writing. If the acceptance is missing, the ACC rejects the filing.

3 File the Articles of Organization

Use ACC Form L010, online through the Arizona Business Center or on paper. The fee is **$50**, or **$85** with expedited processing.

4 Wait for approval

The LLC exists when the ACC files the Articles. You may also pick a later start date, up to **90 days** out.

5 Publish, if required

If the statutory agent's street address is in Maricopa or Pima County, the ACC posts the notice for you. In any other county, the LLC publishes a notice in a local newspaper three times in a row, within **60 days** after the filing. Do not publish until the ACC approves the Articles.

6 Sign an operating agreement

Arizona does not require one. Without one, the state's default rules on page 5 apply to your business.

7 Get the EIN

The business's tax ID, **free** from the IRS at **irs.gov**.

8 Open a business bank account

Run all business money through it.

9 Get your licenses

This may include a TPT license from the Arizona Department of Revenue, plus city, county, or professional licenses for your kind of work.

WHAT FILING COSTS

$50	$85	$10
to file the Articles of Organization	to file with expedited processing	to reserve a name, if you choose to

From the **ACC fee schedule** revised March 2026. Same-day and next-day service cost more. Fees and forms change, so confirm them at **azcc.gov** before you file.

Licensed professional? If your work requires a state license, such as accounting, medicine, or architecture, see page 2 before you file.

After you form: habits that keep the shield working

Keep money separate. Use the business account for business only. Do not pay personal bills from it.

Tell the ACC when things change. Update within 30 days after a change in members or managers, the statutory agent, or the address. An LLC that does not update cannot sue on its contracts in Arizona courts until it does, and the ACC can dissolve an LLC that ignores these duties.

0 annual reports. Arizona LLCs do not file one. You report changes instead.

Carry insurance. The LLC protects your personal assets. Insurance protects the business's assets.

Sign as the company. Use the LLC's full name and your title.

Your Business LLC, by Your Name, Member

Keep your records. A current list of members and managers, the Articles and any amendments, every written operating agreement, any record of promised contributions, and three years of tax returns and financial statements.

Pay out only what the LLC can afford. A distribution that leaves the LLC unable to pay its debts is not allowed. An owner who receives one can be required to give it back.

Stay on top of taxes and licenses. Renew licenses, file returns on time, and register as an employer before you hire.

Federal ownership reports (BOI). You may read online that every new LLC must file a "beneficial ownership" report with a federal agency called FinCEN. Under a final rule issued in August 2026, companies formed in the United States **no longer file these reports**. Companies formed in another country and registered to do business in a U.S. state still do. Be careful with letters or websites that charge a fee for this filing.

5 Your operating agreement

The owners' private rulebook. Where it is silent, Arizona law fills in the answer.

Rules that surprise people

These are Arizona's default rules. Most can be changed in a written agreement. For each one, ask yourself: is this what we want?

Topic	If your agreement says nothing	Why it matters
Splitting payouts	Distributions go to the members in equal shares, no matter how much each one put in.	↳ One friend puts in $40,000 and the other $10,000. Payouts are still 50/50.
Profits and losses on paper	Arizona's LLC law gives no rule for dividing profits and losses.	↳ The agreement needs to state the split, or the owners are left to argue.
Voting	A "majority" is measured by each member's share of profits, not one vote per person.	↳ Two members with small shares can be outvoted by one with a large share.
Big changes	Every member must agree to add a new member, change the agreement, or switch who manages.	↳ One member can block a new partner.
Pay for work	Members of a member-managed LLC are not paid for their work.	↳ The owner who works full time gets the same as the owner who does not.
Leaving	A member may leave at any time, but the LLC does not have to buy that member out.	↳ The departing owner keeps a right to payouts and loses the vote.
Selling a share	A member can transfer only the right to receive money. The buyer gets no vote.	↳ An owner cannot simply hand the business to an outsider.
Death of an owner	The owner stops being a member. If no members are left, the LLC ends unless a new member is admitted within 180 days.	↳ A one-owner LLC needs a plan for who takes over.

Deadlock

If two equal owners disagree, nothing in the default rules breaks the tie. An agreement can name a tie-breaker, such as mediation or a buyout process.

Limits

An agreement cannot remove the duty of good faith and fair dealing, or choose another state's law for the LLC's internal affairs.

Forming it together?

Your interests are not always the same. Each of you may get your own independent legal advice before signing.

Your next steps

- [ ] List the owners and what each one will contribute.
- [ ] Pick two or three names and search the ACC's records.
- [ ] Choose a statutory agent with an Arizona street address.
- [ ] Choose member-managed or manager-managed.
- [ ] Mark each default rule above "keep" or "change."
- [ ] List the licenses your type of business needs.
- [ ] Write down your questions for an attorney or CPA.

About this handout. Ask Abdi LLC prepares legal documents and provides general legal information. Ask Abdi LLC is not a law firm, and this handout is not legal or tax advice. It describes Arizona law in general terms and does not account for your specific facts. Laws, fees, and forms change, so confirm current requirements with the Arizona Corporation Commission before you file.

Sources: **ACC Schedule of Fees, Limited Liability Companies** (rev. March 2026) · **ACC Instructions for Form L010** · **FinCEN, Beneficial Ownership Information Reporting** · Arizona Limited Liability Company Act, A.R.S. § 29-3101 and following.