



# The SESK Party Game

STUFF EVERY NEW BUSINESS OWNER SHOULD KNOW

## How to play (30 seconds)

1. The reader reads a card and its three answers out loud.
2. Everyone says "One, two, three, Goldilocks!" and holds up 1, 2, or 3 fingers.
3. The reader flips the card and reads the answer and the Why.
4. Everyone who was right takes a point.
5. The reader reads the joke with a straight face. Anyone laughs or groans? The reader takes a point. Nobody got it right? The reader takes a point.
6. Pass the deck left. Most points when the points run out wins.

## What you need

These cards and the point tokens on the last two pages. No tokens? Use coins, buttons, pebbles, or marshmallows. 3 to 10 players, ages 8 and up.

## Expert rule: Bet It

Before the reader flips the card, you may put one of your points on your answer. Right: take your normal point plus one extra. Wrong: your bet goes back to the pile. That's it.

## Printing

Print single-sided, on cardstock if you have it. Cut on the dashed lines. Each card is a 3.5 x 5 inch index card. The answer half is upside down on purpose, so the table can't peek. Cards 1 to 50 of 109. More cards and the free daily online game at [sesk.info](http://sesk.info). Built 2026-10-12.

## STARTING AND RUNNING A BUSINESS



**If you start selling without registering any business type, what are you automatically?**

- A** A sole proprietorship
- B** A single-member LLC
- C** An S corporation

FLIP FOR THE ANSWER

#9201

SESK.INFO

**STRAIGHT FACE**  
Why did the bank teller quit? She lost interest

**A** **Why** A sole proprietorship  
**WHY** The SBA says you are automatically a sole proprietor if you do business but never register as anything else. An LLC or corporation only exists after you file with your state.

## STARTING AND RUNNING A BUSINESS



**Who is responsible for a sole proprietorship's business debts?**

- A** Only the business, never the owner
- B** The owner, personally
- C** The state that issued the license

FLIP FOR THE ANSWER

#9202

SESK.INFO

**STRAIGHT FACE**  
Do I enjoy courthouse puns? Guilty.

**B** **The owner, personally**  
**WHY** A sole proprietorship is not a separate legal entity. The owner's personal assets and the business's debts are tied together, so the owner can be held personally liable.

## STARTING AND RUNNING A BUSINESS



**What does each partner put into a partnership, according to the IRS?**

- A** Only money, in equal amounts
- B** Only a signed state license
- C** Money, property, labor or skill

FLIP FOR THE ANSWER

#9203

SESK.INFO

**STRAIGHT FACE**  
Why was the dollar bill sad? It had no change.

**C** **Money, property, labor or skill**  
**WHY** The IRS defines a partnership as two or more people in business together. Each contributes money, property, labor or skill and shares in the profits and losses.

## STARTING AND RUNNING A BUSINESS



**Does a partnership pay federal income tax on its profits?**

- A** Yes, at the 21 percent corporate rate
- B** No, profits pass through to the partners
- C** Yes, but only in its first year

FLIP FOR THE ANSWER

#9204

SESK.INFO

**STRAIGHT FACE**  
What did one penny say to the other? Let's get together and make cents.

**B** **No, profits pass through to the partners**  
**WHY** A partnership files a yearly information return, Form 1065, but pays no income tax itself. Each partner reports their share of the profit or loss on their personal return.

## STARTING AND RUNNING A BUSINESS



**In most states, can two people form a general partnership without a written agreement?**

- A** No, a signed contract is always required
- B** No, only the IRS can create one
- C** Yes, acting as co-owners can create one

FLIP FOR THE ANSWER

#9205

SESK.INFO

**STRAIGHT FACE**  
Why did the coin go to school? It wanted to make more cents.

**C** Yes, acting as co-owners can create one  
**WHY** In most states, a general partnership can arise when people run a business together as co-owners for profit. Courts may look at their conduct even if they never intended to become partners.

## STARTING AND RUNNING A BUSINESS



**In most states, how much personal liability do partners in a general partnership have?**

- A** Unlimited personal liability
- B** None, the partnership shields them
- C** Liability only up to their investment

FLIP FOR THE ANSWER

#9206

SESK.INFO

**STRAIGHT FACE**  
I lost a banana in court, but then I appealed.

**A** Unlimited personal liability  
**WHY** The SBA's comparison chart lists partnerships as having unlimited personal liability unless structured as a limited partnership. In most states, general partners' personal assets can be exposed to business debts.

## STARTING AND RUNNING A BUSINESS



**In most states, which partnership type is designed to limit every owner's liability?**

- A** A general partnership
- B** A limited partnership (LP)
- C** A limited liability partnership (LLP)

FLIP FOR THE ANSWER

#9207

SESK.INFO

**STRAIGHT FACE**  
Why did the judge bring a pencil to court? To draw a conclusion.

**C** A limited liability partnership (LLP)  
**WHY** In most states, an LLP gives every owner some liability protection, unlike an LP with an unlimited-liability general partner. The exact protection depends on state law.

## STARTING AND RUNNING A BUSINESS



**What level of law authorizes a limited liability company (LLC)?**

- A** State law
- B** Federal law passed by Congress
- C** IRS regulations

FLIP FOR THE ANSWER

#9208

SESK.INFO

**STRAIGHT FACE**  
What did the duck say after buying lipstick? Put it on my bill.

**A** State law  
**WHY** The IRS says an LLC is a business structure allowed by state statute. In most states, formation details come from state law, while the IRS determines federal tax classification.

## STARTING AND RUNNING A BUSINESS



**By default, how does the IRS treat a one-owner LLC for income tax?**

- A** As a C corporation
- B** As a disregarded entity
- C** As a partnership

FLIP FOR THE ANSWER

#9209

SESK.INFO

**STRAIGHT FACE**  
What is the capital of Greece? About ten dollars.

**B As a disregarded entity**  
**WHY** Unless it elects otherwise on Form 8832, a single-member LLC is disregarded for income tax. An individual owner usually reports its business on Schedule C, like a sole proprietor.

## STARTING AND RUNNING A BUSINESS



**By default, how is a domestic LLC with two or more members taxed?**

- A** As a partnership
- B** As a disregarded entity
- C** As a C corporation

FLIP FOR THE ANSWER

#9210

SESK.INFO

**STRAIGHT FACE**  
Why did the multi-member LLC bring extra chairs? Tax time was a partnership meeting.

**A As a partnership**  
**WHY** The IRS classifies a domestic LLC with at least two members as a partnership for federal income tax. It can file Form 8832 to elect corporate treatment instead.

## STARTING AND RUNNING A BUSINESS



**Which IRS form does an LLC file to choose to be taxed as a C corporation?**

- A** Form SS-4
- B** Form 8832
- C** Form 1099-NEC

FLIP FOR THE ANSWER

#9211

SESK.INFO

**STRAIGHT FACE**  
Why did the LLC fill out Form 8832? It was having an identity crisis.

**B Form 8832**  
**WHY** Form 8832 lets an eligible entity like an LLC elect to be classified as a corporation, a partnership or a disregarded entity. An LLC wanting S corporation status files Form 2553 instead.

## STARTING AND RUNNING A BUSINESS



**A one-owner LLC with no employees and no excise taxes: does it need its own EIN for federal tax?**

- A** Yes, every LLC must have one
- B** Yes, but only after five years
- C** No, it can use the owner's tax ID

FLIP FOR THE ANSWER

#9212

SESK.INFO

**STRAIGHT FACE**  
Why did the one-owner LLC ask for ID? It wanted a number of its own.

**C No, it can use the owner's tax ID**  
**WHY** The IRS says a disregarded single-member LLC with no employees and no excise tax liability does not need an EIN for federal tax. Hiring employees changes that. A bank may still ask for one.

STARTING AND RUNNING A BUSINESS



**An LLC wants to be taxed as an S corporation. Must it file Form 8832 first?**

- A** Yes, 8832 must come first
- B** No, Form 2553 alone is enough
- C** No, it just checks a box on its return

FLIP FOR THE ANSWER

#9213

SESK.INFO

**STRAIGHT FACE** Why did the LLC skip a form? It found a 2553-for-1 deal.

**B** No, Form 2553 alone is enough **WHY** IRS Publication 3402 says an LLC electing S corporation status does not have to file Form 8832 first. Filing Form 2553 counts as electing corporate classification too.

STARTING AND RUNNING A BUSINESS



**What is the most shareholders an S corporation can have?**

- A** 35
- B** 500
- C** 100

FLIP FOR THE ANSWER

#9214

SESK.INFO

**STRAIGHT FACE** Why should you never argue with a decimal? It always has a point.

**C** 100 **WHY** To qualify as an S corporation, a company can have no more than 100 shareholders. A corporation that exceeds the limit cannot qualify or remain an S corporation.

STARTING AND RUNNING A BUSINESS



**For the S corporation 100-shareholder limit, how is a married couple counted?**

- A** As one shareholder
- B** As two shareholders
- C** They can't both own shares

FLIP FOR THE ANSWER

#9215

SESK.INFO

**STRAIGHT FACE** What did zero say to eight? Nice belt.

**A** As one shareholder **WHY** Federal law treats a husband and wife, and all members of a family, as one shareholder for the 100-shareholder limit. That makes room for family businesses with many relatives.

STARTING AND RUNNING A BUSINESS



**Which of these can NOT be an S corporation shareholder?**

- A** A US citizen
- B** An estate
- C** A partnership

FLIP FOR THE ANSWER

#9216

SESK.INFO

**STRAIGHT FACE** The S corp turned away the partnership at the door. Dress code: individuals only.

**C** A partnership **WHY** S corporation shareholders may be individuals, certain trusts and estates. Partnerships, corporations and nonresident aliens are not allowed.

STARTING AND RUNNING A BUSINESS



**How many classes of stock may an S corporation have?**

- A** Only one
- B** Two, common and preferred
- C** Any number

FLIP FOR THE ANSWER

#9217

SESK.INFO

**STRAIGHT FACE**  
Why did the S corp's stock skip the fancy reunion? It only ever had one class.

**WHY** An S corporation must have only one class of stock. Shares can differ in voting rights, but all must have identical rights to distributions and liquidation proceeds.

**A** Only one

STARTING AND RUNNING A BUSINESS



**Which IRS form does a corporation file to become an S corporation?**

- A** Form 1120
- B** Form 2553
- C** Form W-9

FLIP FOR THE ANSWER

#9218

SESK.INFO

**STRAIGHT FACE**  
Why did every shareholder bring a pen? Form 2553 needed the whole cast to sign.

**WHY** A corporation, or an entity eligible to be treated as one like an LLC, files Form 2553 to elect S corporation status. All shareholders must sign their consent.

**B** Form 2553

STARTING AND RUNNING A BUSINESS



**To be an S corp for this tax year, file Form 2553 within how long after the year starts?**

- A** 2 months and 15 days
- B** 30 days
- C** 6 months

FLIP FOR THE ANSWER

#9219

SESK.INFO

**STRAIGHT FACE**  
Why did the paper go to school? To improve its writing.

**WHY** Form 2553 must be filed no more than 2 months and 15 days after the start of the tax year it should take effect, or any time in the year before. For a calendar-year company, that is about March 15.

**A** 2 months and 15 days

STARTING AND RUNNING A BUSINESS



**An S corp owner who works in the business must be paid what before taking distributions?**

- A** Nothing, distributions alone are fine
- B** Reasonable compensation as wages
- C** Exactly the minimum wage

FLIP FOR THE ANSWER

#9220

SESK.INFO

**STRAIGHT FACE**  
Why was the broom late for the meeting? It overswept.

**WHY** The IRS says S corporations must pay reasonable compensation to a shareholder-employee before making non-wage distributions. The IRS can reclassify distributions as wages if the salary is too low.

**B** Reasonable compensation as wages

## STARTING AND RUNNING A BUSINESS



### How are S corporation profits taxed for federal income tax?

- A** Taxed twice, like a C corp
- B** Never taxed at all
- C** Passed through to shareholders' personal returns

FLIP FOR THE ANSWER

#9221

SESK.INFO

**STRAIGHT FACE**  
Did you hear about the guy who invented Life Savers? He made a mint.

**C** Passed through to shareholders' personal returns  
**WHY** S corporations pass income, losses, deductions and credits through to shareholders, who pay tax at their individual rates. That avoids the double taxation of a C corporation.

## STARTING AND RUNNING A BUSINESS



### Does every state honor the federal S corporation election?

- A** Yes, every state must
- B** No, some treat it as a C corp
- C** Only states with no income tax

FLIP FOR THE ANSWER

#9222

SESK.INFO

**STRAIGHT FACE**  
Why did the S corporation pack a state map? Its tax treatment changed along the route.

**B** No, some treat it as a C corp  
**WHY** The SBA says most states treat S corps like the federal government does, but some tax profits above a limit and others don't recognize the S election at all. Check your state.

## STARTING AND RUNNING A BUSINESS



### Why do C corporation profits face a "double tax"?

- A** The company files the same return twice
- B** Owners pay tax twice a year
- C** Taxed at the company, then again as dividends

FLIP FOR THE ANSWER

#9223

SESK.INFO

**STRAIGHT FACE**  
Money talks. Mine just says goodbye.

**C** Taxed at the company, then again as dividends  
**WHY** A C corporation pays tax on its profit when earned. When it pays dividends, shareholders pay tax on them again, and the corporation gets no deduction for the dividends.

## STARTING AND RUNNING A BUSINESS



### What is the federal income tax rate on a C corporation's taxable income?

- A** 21 percent
- B** 35 percent
- C** 15 percent

FLIP FOR THE ANSWER

#9224

SESK.INFO

**STRAIGHT FACE**  
Why was the obtuse angle upset? It was never right.

**A** 21 percent  
**WHY** Federal law sets the corporate income tax at a flat 21 percent of taxable income. Shareholders pay their own tax later on any dividends.

## STARTING AND RUNNING A BUSINESS



**Which federal income tax return does a C corporation file?**

- A** Form 1065
- B** Schedule C
- C** Form 1120

FLIP FOR THE ANSWER

#9225

SESK.INFO

**STRAIGHT FACE**  
Why did the envelope get promoted? It knew how to address every issue.

**C Form 1120**  
**WHY** A C corporation is a separate taxpayer and files Form 1120. Partnerships file Form 1065, S corporations file 1120-S, and sole proprietors use Schedule C.

## STARTING AND RUNNING A BUSINESS



**What happens to a corporation when a shareholder sells their shares?**

- A** It continues doing business
- B** It must dissolve and re-form
- C** It becomes a partnership

FLIP FOR THE ANSWER

#9226

SESK.INFO

**STRAIGHT FACE**  
Shareholders come and go, but the corporation just keeps on working. Talk about job security.

**A It continues doing business**  
**WHY** The SBA says corporations have an independent life separate from their shareholders. If a shareholder leaves or sells, the business continues relatively undisturbed. Corporations can also raise money by selling stock.

## STARTING AND RUNNING A BUSINESS



**What does an LLC usually protect if the business is sued?**

- A** The business's own bank account
- B** Owners' personal assets like house and savings
- C** Nothing at all

FLIP FOR THE ANSWER

#9227

SESK.INFO

**STRAIGHT FACE**  
Why did the calendar go to court? It had a date.

**B Owners' personal assets like house and savings**  
**WHY** The SBA says an LLC protects owners from personal liability in most instances, so personal assets like a vehicle, house and savings usually aren't at risk if the LLC is sued. Protection isn't absolute.

## STARTING AND RUNNING A BUSINESS



**What does "piercing the corporate veil" mean?**

- A** A court makes owners personally liable
- B** Selling shares to the public
- C** Changing the company's legal name

FLIP FOR THE ANSWER

#9228

SESK.INFO

**STRAIGHT FACE**  
Why did the corporation repair its curtain? It wanted to keep the veil intact.

**A A court makes owners personally liable**  
**WHY** Piercing the veil is when a court sets aside limited liability and holds shareholders or directors personally liable for the company's debts. Courts usually do it only after serious misconduct.

## STARTING AND RUNNING A BUSINESS



**In most states, which habit can lead a court to pierce the corporate veil?**

- A** Keeping a separate business bank account
- B** Mixing personal and business money
- C** Filing annual reports on time

FLIP FOR THE ANSWER

#9229

SESK.INFO

**STRAIGHT FACE**  
I keep my business money and my lunch money apart. They don't even make eye contact.

**B** **Mixing personal and business money**  
**WHY** In most states, courts may consider misconduct such as mixing personal and corporate assets or forming an undercapitalized company. Keeping business money separate helps preserve limited liability.

## STARTING AND RUNNING A BUSINESS



**What is an LLC's operating agreement?**

- A** The state's certificate of formation
- B** The IRS letter assigning an EIN
- C** The governing contract among the LLC's members

FLIP FOR THE ANSWER

#9230

SESK.INFO

**STRAIGHT FACE**  
Why did the stamp stay on the envelope? It was stuck on it.

**C** **The governing contract among the LLC's members**  
**WHY** An operating agreement is the contract LLC members adopt to run the business. It can cover how it's managed, how assets are used and how revenue is shared.

## STARTING AND RUNNING A BUSINESS



**How much does the IRS charge for an Employer Identification Number (EIN)?**

- A** 50 dollars
- B** Nothing, it's free
- C** The state filing fee

FLIP FOR THE ANSWER

#9231

SESK.INFO

**STRAIGHT FACE**  
Velcro. What a rip-off.

**B** **Nothing, it's free**  
**WHY** The IRS issues EINs for free. It warns about websites that charge for an EIN; you never have to pay a fee to get one.

## STARTING AND RUNNING A BUSINESS



**If you apply online and are approved, how fast do you get your EIN?**

- A** In 4 to 6 weeks by mail
- B** After a 30-day review
- C** Immediately, online

FLIP FOR THE ANSWER

#9232

SESK.INFO

**STRAIGHT FACE**  
I got my EIN so fast I didn't even finish my coffee. Talk about instant business.

**C** **Immediately, online**  
**WHY** The IRS online tool issues an EIN immediately if approved. You must finish in one session, since it expires after 15 minutes of inactivity, and you can get only 1 EIN per responsible party per day.

STARTING AND RUNNING A BUSINESS



Which IRS form is the application for an EIN?

- A** Form SS-4
- B** Form W-4
- C** Form 8832

FLIP FOR THE ANSWER

#9233

SESK.INFO

**STRAIGHT FACE**  
Why did the pencil cross the road? To draw the other side.

**A Form SS-4**  
**WHY** Form SS-4 is the application for an Employer Identification Number. The EIN is a 9-digit number like 12-3456789, used by employers, sole proprietors, corporations, partnerships and others.

STARTING AND RUNNING A BUSINESS



If you apply for an EIN by mail, how early should you send Form SS-4?

- A** 2 days ahead
- B** 6 months ahead
- C** At least 4 weeks ahead

FLIP FOR THE ANSWER

#9234

SESK.INFO

**STRAIGHT FACE**  
Why did the cookie go to the post office? To get its chips stamped.

**C At least 4 weeks ahead**  
**WHY** IRS Publication 583 says to mail Form SS-4 at least 4 weeks before you need an EIN. By fax it takes about 4 business days, and online it's immediate.

STARTING AND RUNNING A BUSINESS



Forming an LLC or corporation: which comes first, the state filing or the EIN?

- A** Form with the state first, then get the EIN
- B** Get the EIN first, then form
- C** Do both on the same IRS form

FLIP FOR THE ANSWER

#9235

SESK.INFO

**STRAIGHT FACE**  
The shovel was a ground-breaking invention.

**A Form with the state first, then get the EIN**  
**WHY** The IRS says to form your corporation or LLC through the secretary of state before applying for an EIN. Skipping that order can delay your EIN application.

STARTING AND RUNNING A BUSINESS



If a sole proprietor needs an EIN, how many cover multiple businesses and trade names?

- A** One per trade name
- B** Just one
- C** None, ever

FLIP FOR THE ANSWER

#9236

SESK.INFO

**STRAIGHT FACE**  
Why did three shops share one number? Their sole proprietor knew how to count costs.

**B Just one**  
**WHY** IRS instructions say a sole proprietor files only one Form SS-4 and needs only one EIN, regardless of the number of businesses or trade names. Incorporating or forming a partnership requires a new EIN.

## STARTING AND RUNNING A BUSINESS



**What mainly determines how and where a business registers?**

- A** Structure and location
- B** Logo and slogan
- C** First-year revenue

FLIP FOR THE ANSWER

#9237

SESK.INFO

**STRAIGHT FACE**  
Why did the business bring a map? It wanted to register in the right place.

**A** **Structure and location**  
**WHY** Registration is not one national process. The entity type and the places where it does business determine which filings may be required.

## STARTING AND RUNNING A BUSINESS



**Where do most states accept business formation filings?**

- A** A federal courthouse
- B** A state business filing office
- C** The local post office

FLIP FOR THE ANSWER

#9238

SESK.INFO

**STRAIGHT FACE**  
Why did the form visit the capital? It had state business.

**B** **A state business filing office**  
**WHY** Most states use the Secretary of State, a business bureau, or a similar agency. The office name varies, so check the official state website.

## STARTING AND RUNNING A BUSINESS



**Which document commonly forms an LLC with a state?**

- A** Corporate bylaws
- B** A resale certificate
- C** Articles of organization

FLIP FOR THE ANSWER

#9239

SESK.INFO

**STRAIGHT FACE**  
Why should you never trust graph paper? It's always plotting something.

**C** **Articles of organization**  
**WHY** Articles of organization give the state basic LLC information. Exact names and required details vary by state.

## STARTING AND RUNNING A BUSINESS



**Which document is required when incorporating a business?**

- A** Articles of incorporation
- B** An annual budget
- C** A seller permit

FLIP FOR THE ANSWER

#9240

SESK.INFO

**STRAIGHT FACE**  
What did one page say to the other? I've got you covered.

**A** **Articles of incorporation**  
**WHY** This state filing lays out the corporation's basic legal outline. Every state requires it for incorporation, although the title and details can differ.

STARTING AND RUNNING A BUSINESS



What does a registered agent receive for a company?

- A** Customer reviews
- B** Official and legal documents
- C** Daily sales deposits

FLIP FOR THE ANSWER

#9241

SESK.INFO

STRAIGHT FACE  
Why did the registered agent never miss mail? It was always on call for papers.

**B Official and legal documents**  
**WHY** A registered agent is the company's official contact for government and legal papers. SBA says LLCs, corporations, partnerships and nonprofit corporations need one.

STARTING AND RUNNING A BUSINESS



Where must a registered agent generally be located?

- A** Any country
- B** Only Washington, D.C.
- C** The registration state

FLIP FOR THE ANSWER

#9242

SESK.INFO

STRAIGHT FACE  
Why did the agent stay local? The paperwork knew where to find it.

**C The registration state**  
**WHY** The agent must be reachable in the state of registration. This gives courts and agencies a reliable local contact for official delivery.

STARTING AND RUNNING A BUSINESS



What may a company need before doing business in another state?

- A** Foreign qualification
- B** A new federal entity
- C** A personal passport

FLIP FOR THE ANSWER

#9243

SESK.INFO

STRAIGHT FACE  
Why did the employee bring a ladder to work? They wanted to climb the corporate ladder.

**A Foreign qualification**  
**WHY** A business formed in one state is domestic there and foreign elsewhere. Active business in another state may require registration there, often through a Certificate of Authority.

STARTING AND RUNNING A BUSINESS



What is another name for a DBA?

- A** Federal charter
- B** Trade or assumed name
- C** Registered-agent address

FLIP FOR THE ANSWER

#9244

SESK.INFO

STRAIGHT FACE  
Why did the business use a nickname? Its legal name was all business.

**B Trade or assumed name**  
**WHY** DBA means doing business as. It lets a person or entity operate under a name different from its legal name.

## STARTING AND RUNNING A BUSINESS



**Does registering a DBA alone give legal name protection?**

- A** Yes, nationwide
- B** Yes, for patents
- C** No, not by itself

FLIP FOR THE ANSWER

#9245

SESK.INFO

**STRAIGHT FACE**  
Why did the DBA carry an umbrella? A name alone was not enough cover.

**C No, not by itself**  
**WHY** A DBA records an operating name, but it is not the same as forming an entity or obtaining trademark rights. Check name and trademark rules separately.

## STARTING AND RUNNING A BUSINESS



**When does a business generally need a federal license or permit?**

- A** Whenever it earns revenue
- B** When federal law regulates the activity
- C** Only after hiring

FLIP FOR THE ANSWER

#9246

SESK.INFO

**STRAIGHT FACE**  
Why did the permit apply for a job? It was already qualified on paper.

**B When federal law regulates the activity**  
**WHY** Federal licensing is activity-based, not universal. Regulated fields include examples such as aviation, alcohol, broadcasting, and commercial fishing.

## STARTING AND RUNNING A BUSINESS



**What determines which state and local permits a business needs?**

- A** The owner's favorite color
- B** Only its federal tax form
- C** Its activities and location

FLIP FOR THE ANSWER

#9247

SESK.INFO

**STRAIGHT FACE**  
Why did the plumber check city hall? The permit was in the pipeline.

**C Its activities and location**  
**WHY** States, counties, and cities license different activities. A restaurant, contractor, or retailer may face different rules depending on where it operates.

## STARTING AND RUNNING A BUSINESS



**Why should permit renewal dates go on a compliance calendar?**

- A** They may expire and need renewal
- B** They automatically last forever
- C** They become federal patents

FLIP FOR THE ANSWER

#9248

SESK.INFO

**STRAIGHT FACE**  
Why did the permit buy a calendar? Its days were numbered.

**A They may expire and need renewal**  
**WHY** Some permits expire, and missing a renewal can interrupt operations. Track each issuing agency, expiration date, and renewal requirement.

## STARTING AND RUNNING A BUSINESS



**Which recurring state filing may keep an entity in good standing?**

- A** A weekly sales forecast
- B** A state annual report
- C** A new formation filing

FLIP FOR THE ANSWER

#9249

SESK.INFO

**STRAIGHT FACE**  
Why did the annual report return? It was that time of year again.

**B A state annual report**  
**WHY** Annual-report duties depend on the state and entity type. Check the formation state's official schedule instead of assuming every state uses the same deadline.

## STARTING AND RUNNING A BUSINESS



**Can foreign qualification create ongoing duties in two states?**

- A** No, the first state disappears
- B** Only federal duties remain
- C** Yes, both states may require filings

FLIP FOR THE ANSWER

#9250

SESK.INFO

**STRAIGHT FACE**  
Why did the multistate company need two calendars? It had twice the dates.

**C Yes, both states may require filings**  
**WHY** Foreign qualification does not replace the original registration. A company may owe taxes or annual-report fees in both states.



