



FORMING CORPORATIONS IN MARYLAND

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FORMING A MARYLAND CORPORATION

- Reserve a corporate name
- File articles of incorporation
- Designate an agent for service of process
- Pay various document processing fees and an organization and capitalization fee

ISSUE

What are the requirements for forming a corporation in Maryland?

This report focuses on forming a for-profit, stock corporation. Other rules may apply to forming non-profit, nonstock corporations and other types of corporations such as benefit corporations.

FORMING A CORPORATION IN MARYLAND

Corporate Name

Maryland law contains a number of requirements for forming stock corporations. Someone seeking to form such a corporation must reserve and record a name for the corporation (Md. Code, Corps. §§ 1-505 and 2-106). The Maryland Department of Assessments and Taxation (DAT) charges a \$25 nonrefundable processing fee to reserve a corporate name (Md. Code, Corps. § 1-203). A person who seeks to do business or trade under a designation or name other than his or her own must also file a written certificate affirmed or acknowledged under oath stating the:

1. names and addresses of the business' principals or owners;
2. business' character and location; and
3. business' name, title, or designation.

DAT records the name, effective for five years and renewable for five year periods, for a \$25 fee (Md. Code, Corps. § 1-406).

Articles of Incorporation

Individuals acting as incorporators must sign and acknowledge articles of incorporation and file them with DAT. When accepted by DAT, the corporation comes into existence (Md. Code, Corps. § 2-102). The articles must include a number of items including the names and addresses of incorporators; the corporation's name, purpose, and principal office; a resident agent's name and address (a Maryland resident, corporation, or limited liability company designated to receive service of process); and information about shares and directors. The law authorizes the articles to contain a number of other provisions (Md. Code, Corps. § 2-104).

DAT charges a \$100 nonrefundable processing fee for articles of incorporation. Incorporators can also request (1) preclearance of certain documents or draft documents, such as articles of incorporation, for a \$275 nonrefundable processing fee and (2) expedited service for recording certain documents, including articles of incorporation, for a \$425 fee (Md. Code, Corps. § 1-203). Expedited processing requires DAT to process documents (1) within two hours of receipt if they were filed at least two hours before close of business and (2) on the same day if practicable when they were filed within the last two hours of the business day (Md. Code, Corps. §§ 1-201 and 1-203.2).

A corporation must also pay an organization and capitalization fee based on the value of its stock (minimum \$20) before it can record its articles of incorporation (Md. Code, Corps. § 1-204).

Other Requirements

The law requires each corporation to have a principal office in Maryland and at least one resident agent. The corporation must file a form with the agent's written consent with DAT, unless the department waives the requirement (Md. Code, Corps. §§ 1-208 and 2-108).

Other requirements may apply. For example, corporations may be required to file state or local tax documents, acquire business licenses, and file employment documents.

Once formed, the law imposes a number of requirements on corporations such as keeping correct and complete records of accounts and transactions and minutes of board proceedings (Md. Code, Corps. § 2-111). Other provisions govern issuing stock, convening the first board meeting, and preparing bylaws.

On-Line Registration

Maryland websites provide further information on starting a business and allow on-line registration (<http://business.maryland.gov/start/the-process> and <https://egov.maryland.gov/Easy>). The latter site charges a 3% service and convenience fee for the third party who processes the credit card payments for required fees.

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