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12 Questions to Ask a Lawyer When Starting a Business

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Starting a business is an exciting endeavor. There are a multitude of considerations, and the decisions made early on can have long-lasting legal and financial consequences. Speaking with a business formation attorney at the outset can help you avoid costly mistakes, protect your personal assets, and set your company up for long-term success. Even small business owners must consider their legal requirements, best practices, and future planning - no business is too small to seek legal advice for proper planning techniques.

If you are launching a business in Pennsylvania (or really anywhere), here are some of the most important legal questions to ask a lawyer.

What Type of Business Entity Should I Form?

One of the first decisions you'll make is how to legally structure your business. Common options in Pennsylvania include sole proprietorships, partnerships, limited liability companies (LLCs), and corporations. Each entity type has different implications for liability protection, taxation, management, and future growth. A lawyer can help you choose a structure and business type that aligns with your business operation, goals, and risk tolerance.

How Do I Protect Myself From Personal Liability?

Many business owners are surprised to learn that personal assets can be at risk if a business is not properly structured or maintained. Forming an LLC or corporation can provide liability protection, but only if corporate formalities are followed. A business formation attorney can advise you on best practices, such as proper filings, contracts, and recordkeeping, to help preserve that protection.

Is My Business Name Legally Available and Protected?

Before you invest in branding, you should confirm that your business name is legally available in Pennsylvania, not already in use, and does not infringe on someone else's rights. This may involve checking Pennsylvania Department of State records, registering a fictitious name, and considering trademark protection at the state or federal level. A lawyer can help you assess availability and protect your name (and business) from future disputes.

What Contracts Do I Need to Start My Business?

Even at the earliest stages, most businesses rely on contracts such as client agreements, vendor contracts, leases, or independent contractor agreements. Other contracts that may be necessary include nondisclosure agreements (NDAs) and employment contracts. Having properly drafted and custom contracts can prevent misunderstandings and reduce legal risk. Generic templates may exist; however, they do not take into account

each business and business owner's specific situation and risk profile. An attorney can ensure your contracts are enforceable and tailored to Pennsylvania law.

What Should Be Included in My Operating Agreement or Bylaws?

Operating agreements (for LLCs) and bylaws (for corporations) define how the business is run, how decisions are made, and what happens if there is a dispute or an owner wants to leave. These documents are especially important in multi?owner businesses and can help prevent conflicts down the road. While you may not see a need for them upfront, circumstances can change quickly, and it is best to have them done properly from the start.

What Licenses, Permits, or Regulatory Approvals Do I Need?

Depending on your industry and location, your business may require local, state, or federal licenses or permits. Pennsylvania businesses often interact with multiple agencies, including the Department of State, Department of Revenue, and local municipalities. A lawyer can help identify what approvals and/or registrations are required before you open your doors - so that you can avoid fines or shutdowns. A business lawyer can also help you stay compliant long-term, as some jurisdictions (including Pennsylvania) require annual upkeep.

For example, beginning in 2025, Pennsylvania requires most corporations, LLCs, and other registered business entities to file an annual report with the Department of State and pay a modest filing fee (where applicable). Missing these filings can jeopardize an entity's good standing, making ongoing compliance an important consideration for new business owners.

What Are My Legal Obligations Around Employees and Contractors?

Hiring workers brings additional legal responsibilities, including wage and hour laws, workers' compensation insurance, unemployment compensation, and proper worker classification. Misclassifying employees as independent contractors is a common and costly mistake. An attorney can help you understand your obligations under local, Pennsylvania, and federal law, including W-2 vs. 1099 employees, at-will employment, and more. Even hiring employees has its risks - business owners should be aware of hiring best practices, anti-discrimination laws, and more. As your labor force grows, you will need dependable supervisors or managers who would benefit from ongoing training on workplace laws, human resource-related regulations, and best practices.

Knox Law's Labor & Employment group has significant experience helping employers with all of these issues and more. We also have lawyers with significant experience in employee benefits, which is a key aspect of employee retention and satisfaction.

What Are My Tax Responsibilities as a Business Owner?

Business owners in Pennsylvania may be subject to various taxes, such as corporate net income tax, personal income tax, sales and use tax, and local taxes. The way your business is structured affects how it is taxed. While an accountant (ideally a Certified Public Accountant or CPA) is essential, a lawyer can help ensure your legal structure aligns with your tax strategy. Our team often works closely with our clients' CPAs and other advisors to ensure seamless counsel and a unified strategy to keep your business in compliance.

What Risks Should I Be Aware of and How Can I Minimize Them?

Every business faces legal risks, from contract disputes to regulatory violations to lawsuits. A business attorney can help you identify industry?specific risks (both the obvious and hidden) and implement strategies to minimize exposure. Legal risk management can include liability protection, insurance, liability waivers,

contract enforcement, intellectual property protection, and compliance policies.

Knox Law's litigation team works closely with our business attorneys to help clients identify potential issues and/or work through disputes as they arise.

What Should I Know Before Bringing on a Business Partner or Investor?

Adding a partner or investor can help your business grow, but it also introduces new legal complexities. Ownership percentages, decision?making authority, profit distribution, and exit strategies should all be clearly documented. A lawyer can help structure these relationships to protect your interests and avoid future conflicts. Tools we can use include written, legally sound documents, including partnership agreements, shareholder agreements, investor rights, business succession planning, and more.

What Business Records Am I Required to Keep?

Pennsylvania businesses are required to maintain certain records, such as formation documents, tax filings, and employment records. Corporations and LLCs must also keep internal governance records. More generally and beyond what is legally required, documentation can prevent or minimize potential disputes or litigation. Business owners should keep all final contracts, receipts, meeting minutes (if applicable), licenses, and other official documents. Proper recordkeeping supports liability protection and can be critical in audits or disputes.

What Haven't I Thought of That Could Hurt My Business Legally?

Many legal issues don't arise until it's too late, or are not obvious issues at the start. Examples include inadequate insurance coverage, poorly drafted online terms, intellectual property issues, data privacy laws, zoning rules, or failure to plan for succession or exit. An experienced business lawyer can spot potential issues and blind spots that you may not have considered, and help you address them proactively. This can help avoid legal action later on.

Speak With an Experienced Business Formation Attorney

Business formation in Pennsylvania involves more than filing paperwork - it requires thoughtful legal planning. Asking the right questions early can save time, money, and stress later.

Our team helps entrepreneurs, startups, and established business owners form Pennsylvania business entities with clarity and confidence. We guide you through every stage of the formation process to create a strong legal foundation for long?term success. Knox Law's business group can also help with business formation in other states or jurisdictions, or if you have multi-state considerations, which is common in our tristate area.

Further, we work with other lawyers in our firm to ensure comprehensive counsel. Related groups include Labor & Employment, Employee Benefits, Real Estate, Intellectual Property & Technology, Construction Law, Environmental Law, Litigation, Mergers & Acquisitions, and Workers' Compensation. Our team approach benefits you and your business.

Contact us today to learn how we can help you in your entrepreneurial journey to starting a new business.

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