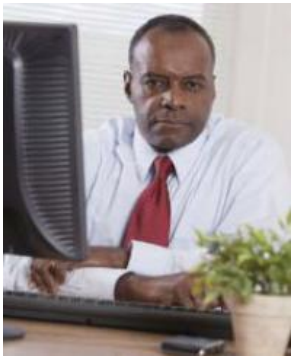
IMPORTANT NOTICE TO EMPLOYERS

Your New Limited Liability Company Has Reporting Responsibilities in North Carolina…

Please read the important information below to ensure you understand your obligations to these state agencies.

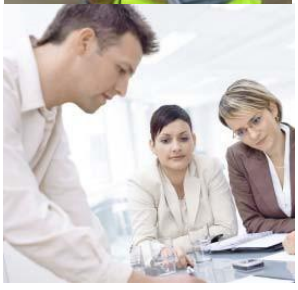
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North Carolina Department of the Secretary of State www.sosnc.com

Annual Reports – Limited Liability Companies and L3C entities registered to do business in North Carolina must file an annual report each year. There are two options for filing, they are:

Method	Where to File	Fee	Due Date
Electro-nically (real-time)	NC Secretary of State Online www.sosnc.com	$202	*April 15th of each year after the year of creation*
Paper Form	NC Dept. of the Secretary of State. Address is listed on form obtained from the website above	$200	*April 15th of each year after the year of creation*

Professional LLC entities are not required to file an annual report, but they are required to update information regarding their registered agent name and address along with the principal office address within 60 days of any change to the information on file with the Secretary of State's Office. If you have any questions, please contact customer service at either **919-807-2225** or **corpinfo@sosnc.com**

North Carolina Department of Revenue www.dornc.com

Sales and Purchases of Goods and Services - Businesses making taxable sales or purchases of tangible personal property, services or certain digital property are required to register with the NC Department of Revenue to collect and remit the appropriate tax due. Sales taxes are typically charged and collected by the retailer, then paid to the Department of Revenue. Use taxes are remitted to the Department of Revenue by the purchaser. Please visit the Department's website at www.dornc.com for more information on sales and use tax and a checklist of the steps you should take to comply with North Carolina tax laws.

Hiring Employees - Hiring employees is a significant step that triggers a number of tax obligations, including filing and paying state withholding taxes with the NC Department of Revenue. We strongly encourage you to set up your state withholding and other tax requirements correctly from the beginning and file and pay those taxes correctly and on time. Not doing so may create problems and consequences for both you and your employees. For more information on withholding tax and a list of steps you should take to meet your state tax obligations when hiring employees, please visit the Department's website at www.dornc.com.

North Carolina Division of Employment Security www.ncesc.com

What is Unemployment Insurance Tax? Unemployment insurance tax is a tax on employer payrolls paid by employers and used to provide funds from which unemployment benefits are paid to qualified unemployed workers. Unemployment tax is NOT deducted from employee wages.

How Do I Apply For A North Carolina Unemployment Tax Account Number? The Employment Security Law of North Carolina and Division Regulations require each employer to submit true and accurate information for determining liability. As an employer in the State of North Carolina, you must complete Form NCUI 604, Employer Status Report. Simply visit the website at www.ncesc.com, click on Business Services, and click on Forms under the Downloads section. Scroll down to the NCUI 604 under Forms – Unemployment

Who is Liable For Unemployment Tax? - A general business employer with at least one worker in 20 different calendar weeks during a calendar year, or with a payroll of at least $1,500 in any calendar quarter is liable for unemployment tax. For information on other types of businesses, visit the website at www.ncesc.com. If you have further questions or need assistance, please call **919-707-1170** or send an e-mail to esc.tax.status@ncesc.gov

(Continued on Reverse)

IMPORTANT NOTICE TO EMPLOYERS

EMPLOYERS' REQUIREMENT TO CARRY WORKERS' COMPENSATION INSURANCE

The North Carolina Workers' Compensation Act requires that all businesses which employ three or more employees, including those operating as corporations, sole proprietorships, limited liability companies and partnerships, obtain workers' compensation insurance or qualify as self-insured employers for purposes of paying workers' compensation benefits to their employees. The only exceptions to this requirement are (a) employees of certain railroads; (b) casual employees, i.e., individuals who do not perform "work pertaining to the regular course of defendant's business"; (c) domestic servants directly employed by the household; (d) farm laborers when fewer than 10 full-time, non-seasonal farm laborers are regularly employed by the same employer; (e) federal government employees in North Carolina; and (f) "sellers of agricultural products for the producers thereof on commission or for other compensation, paid by the producers, provided the product is prepared for sale by the producer."

Businesses with just one employee, whose work involves the presence of radiation, are required to have workers' compensation coverage.

Individuals who are sole proprietors, members of LLCs, and partners are not counted automatically as employees. Corporate officers may elect to be excluded from coverage but are still counted in determining whether a business has three or more employees.

An employer is not relieved of its liability under the Act by calling its employees "independent contractors." Even if the employer refers to its workers as independent contractors and issues a Form 1099 for tax purposes, the Industrial Commission may still find that the workers were in fact employees, based upon its analysis of several factors, including but not limited to the degree of control exercised by the employer over the details of the work.

If you subcontract work to a subcontractor who does not have workers' compensation insurance, you may be liable for the work-related injuries of the subcontractor's employees, regardless of the number of employees you or the subcontractor employs. Different laws apply to trucking companies.

IF YOU FAIL TO CARRY WORKERS' COMPENSATION INSURANCE, YOU MAY:

1) Face stiff financial penalties;
2) Be charged with a misdemeanor;
3) Be charged with a felony; and
4) Be imprisoned.

CONTACT YOUR LAWYER OR INSURANCE AGENT IF YOU ARE UNSURE OF YOUR RESPONSIBILITIES AS AN EMPLOYER

North Carolina Industrial Commission
4336 Mail Service Center
Raleigh, North Carolina 27699-4336
Telephone: (919) 807-2500
Fax: (919) 715-0280
Internet Address: http://www.ic.nc.gov/

