



# 10 Common Myths About Benefit Corporations

## 1. Benefit Corporations are the same as B Corps.

NO. B Corps represent companies completing a robust certification process by the B Lab organization. It is a proprietary assessment process which, depending on the state, does not automatically mean incorporation as a Benefit Corporation/Company. Benefit Corporations, on the other hand, are businesses that have legally incorporated through their Secretary of State's office. They have a choice regarding third-party standards for certification, including B Lab.

## 2. I'm already incorporated as a business so I can't become a Benefit Corporation.

NO. There is a simple form available through the Secretary of State's office for already established businesses that will allow them to add Benefit Corporation status to their current business structure. There is a small fee to make this change.

## 3. It's really complicated and takes a lot of time to become a Benefit Corporation.

DEPENDS. For small businesses and entrepreneurs, it is a straight-forward process, outlined on the Secretary of State's web page. Basically, there are just three requirements:

- Register with the state and pay the small fee.
- Undergo a third-party review by a vendor to determine alignment of your business with the Triple Bottom Line - "People, Planet, Profit."
- Create and post an annual Benefit Report that documents the work undertaken throughout the year demonstrating the company's commitment to the values of 'People, Planet, Profit.'

If you are an LLC in states other than Maryland, Oregon, Pennsylvania, Utah and Delaware, you may need to work with your Secretary of State's office to incorporate as a different business entity before becoming a Benefit Corporation. This may take longer and require a few more steps.

Some businesses like to consult with their attorney or accountant prior to going through the steps. Many small businesses, however, can become a Benefit Corporation by working directly with the Secretary of State's office.

## 4. Benefit Corporations are mainly environmentally focused.

NO. Being environmentally focused is only one of the pillars of Benefit Corporations. In addition, businesses need to show (a) socially responsible activities that promote community good, (b) engage in internal practices that empower and support employees, and (c) demonstrate sound business practices that further profit.



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## **5. There are tax benefits to becoming a Benefit Corporation.**

NOT YET. Although many states are proposing legislation to offer Benefit Corporations special tax benefits or exemptions, there are no tax benefits currently. However, there are many advantages to becoming a Benefit Corporation including attracting Millennial talent, generating more customers and revenue from individuals who hold similar Triple Bottom Line values, and branding opportunities to demonstrate a commitment to the community.

## **6. All states offer Benefit Corporation status to LLCs.**

NO. Only in the states of Maryland, Oregon, Pennsylvania, Utah and Delaware can LLCs become Benefit Corporations. In other states, LLCs need to change their business structure to become a Benefit Corporation with the guidance of an attorney or with the help of their Secretary of State's office.

## **7. I'm finished after I've registered as a Benefit Corporation with the Secretary of State's office.**

NO. Registering with the State is only the first step. The law requires that you also go through a third-party review conducted by an outside vendor to determine your belief and practice of the values of Benefit Corporations. Most states list recommended certifiers who can provide this service. They vary in cost, focus and deliverables.

## **8. It takes a lot of time and effort to complete the required annual Benefit Corporation Report.**

NOT NECESSARILY. If you are tracking activities throughout the year that show how you practice the principles of Benefit Corporations, it is a simple process to create an annual Benefit Report. There are some vendors that offer templates and guidelines to help you with this for a small fee.

## **9. All third-party standards are the same.**

NO. Some are national vendors and in some states, there are state-based vendors. They vary in cost and focus. Also, some are much more comprehensive and detailed with significant documentation required in their assessment (B Lab) and others are simpler and more designed for start-ups and small businesses (Benefit Corporations for Good).

## **10. Being a Benefit Corporation is only another "shiny badge" to put on the website.**

NO. We see it as a revolution. Where people unite to create a better community, a better world and a better business. Benefit Corporations represent a growing movement that is gaining traction across the country and with investors who are asking businesses to "give back." It is creating a business model that is transformative and inclusive.

For more information about becoming a Benefit Corporation, please visit our website:

[benefitcorporationsforgood.com](http://benefitcorporationsforgood.com)