

Legal Checklist for Startups

Your Complete Implementation Guide

A Step-by-Step Framework for Building Compliant, Scalable Legal Foundations

| Company Stage | Employees | Key Focus |
|---------------|-----------|----------------------------|
| Foundation | 0-10 | Legal basics, entity setup |
| Building | 11-50 | Systems & processes |
| Growth | 51-200 | Scaling & optimization |

How to Use This Checklist

This checklist is designed to guide startup founders through the complex legal landscape of building a company. Use it as a strategic roadmap to ensure you are building on a solid legal foundation. Adapt these items based on your specific jurisdiction and industry.

UNDERSTANDING THE THREE GROWTH STAGES

Foundation (0-10 employees): Focus on legal compliance, proper entity formation, and establishing basic governance. Getting the fundamentals right early prevents expensive legal clean-up during fundraising.

Building (11-50 employees): Implement structured legal processes for contracts, employment, and intellectual property protection. Transition from ad-hoc decisions to systematic legal management.

Growth (51-200 employees): Scale your legal systems, implement compliance technology, and prepare for rigorous audits. Optimize existing processes to support rapid expansion.

PRIORITY LEVELS

| Priority | Definition | When to Complete |
|---------------------|---------------------------------------|----------------------|
| Critical | Legal requirement or business blocker | Immediately |
| Important | Prevents future problems | Within 30-90 days |
| Nice-to-Have | Enhances legal protection | When resources allow |

USING THE SCORE TRACKER (PAGE 5)

Check off each item as you complete it, then calculate your total score on Page 5. Your score determines your Legal Maturity Level and helps you identify critical gaps. Revisit this checklist quarterly to ensure ongoing compliance.

The Complete Legal Checklist

STEP 1: BUSINESS PLAN & LEGAL BUDGET

- Build a 12-month financial model with legal costs included [**Critical**] [0-10]
- Map compliance milestones (first hire, first sale, fundraising) [**Critical**] [All Stages]
- Allocate 5 to 10% of seed budget to legal and compliance [**Important**] [0-10]
- Research legal setup costs by target jurisdiction [**Important**] [0-10]

STEP 2: LEGAL ADVISORY TEAM

- Hire startup lawyer (before incorporation) [**Critical**] [0-10]
- Engage accountant or tax advisor immediately after formation [**Critical**] [0-10]
- Hire compliance specialist (if in regulated industry) [**Important**] [11-50]
- Budget appropriate hourly rates for counsel (\$200-\$600/hr) [**Important**] [0-10]

STEP 3: LEGAL STRUCTURE

- Choose appropriate entity structure (C Corp, LLC, etc.) [**Critical**] [0-10]
- Select C Corp if seeking Venture Capital funding [**Critical**] [0-10]
- Evaluate tax implications (Pass-through vs Corporate) [**Critical**] [0-10]
- Select jurisdiction based on target market (e.g. Delaware) [**Critical**] [0-10]

STEP 4: BUSINESS REGISTRATION

- Register business name and entity [**Critical**] [0-10]
- Check trademark databases before filing [**Critical**] [0-10]

Secure domain availability and social media handles [Important] [0-10]

File incorporation documents with state/country [Critical] [0-10]

STEP 5: TAX IDENTIFICATION

Obtain EIN/Tax ID immediately after formation [Critical] [0-10]

Store tax documents securely in a central folder [Critical] [All Stages]

Share Tax ID with accountant and payroll provider [Critical] [0-10]

Register for VAT/GST if revenue threshold met [Important] [11-50]

STEP 6: GOVERNANCE DOCUMENTS

Draft Certificate of Incorporation or Constitution [Critical] [0-10]

Create Bylaws or Operating Agreement [Critical] [0-10]

Execute Stock Purchase or Shareholders Agreement [Critical] [0-10]

Implement vesting schedule (Standard: 4-year / 1-year cliff) [Critical] [0-10]

Include IP assignment clauses in founder agreements [Critical] [0-10]

Document Board Consents/Minutes for initial actions [Important] [0-10]

STEP 7: TAX & PAYROLL REGISTRATION

Register for federal and state income taxes [Critical] [0-10]

Set up payroll tax withholding and compliance [Critical] [0-10]

Ensure compliance with labor laws (FLSA, etc.) [Critical] [All Stages]

Register for sales tax where applicable [Important] [All Stages]

STEP 8: LICENSES & PERMITS

- Identify required general business licenses [**Critical**] [0-10]
- Obtain industry-specific licenses (Fintech, Health, etc.) [**Critical**] [0-10]
- Track license renewals in a compliance calendar [**Important**] [11-50]
- Budget for license costs early [**Important**] [0-10]

STEP 9: BUSINESS BANK ACCOUNT

- Open dedicated business bank account within 2 weeks [**Critical**] [0-10]
- Never use personal accounts for business expenses [**Critical**] [All Stages]
- Integrate bank account with accounting software [**Important**] [11-50]
- Set clear founder reimbursement policies [**Important**] [11-50]

STEP 10: ACCOUNTING & COMPLIANCE SYSTEMS

- Implement accounting system (Cash or Accrual) [**Critical**] [0-10]
- Create and maintain a quarterly compliance calendar [**Critical**] [All Stages]
- Maintain formation/compliance records securely [**Critical**] [All Stages]
- Conduct quarterly financial reviews [**Important**] [11-50]
- Prepare for annual board meetings and tax planning [**Important**] [11-50]

STEP 11: INTELLECTUAL PROPERTY

- File trademark applications for brand names/logos [**Critical**] [0-10]
- Require IP assignment agreements from all contributors [**Critical**] [All Stages]
- Evaluate need for patent protection [**Important**] [0-10]

Register copyrights for core creative works [[Important](#)] [11-50]

Protect trade secrets via NDAs and access controls [**Critical**] [All Stages]

STEP 12: EMPLOYMENT AGREEMENTS

Create compliant offer letter templates [**Critical**] [0-10]

Draft employment agreements with IP assignment [**Critical**] [All Stages]

Use contractor agreements for non-employees [**Critical**] [All Stages]

Implement non-compete agreements where enforceable [[Important](#)] [11-50]

Establish code of conduct and anti-harassment policies [[Important](#)] [11-50]

STEP 13: NDAs & CONFIDENTIALITY

Use NDAs with contractors, vendors, and advisors [[Important](#)] [All Stages]

Never ask investors to sign NDAs [**Critical**] [All Stages]

Use standard NDA templates with clear definitions [[Important](#)] [0-10]

Track NDA expiration dates [[Important](#)] [11-50]

STEP 14: INDUSTRY REGULATIONS & DATA PRIVACY

Understand applicable regulations (GDPR, CCPA, PDPA) [**Critical**] [All Stages]

Implement data privacy compliance measures [**Critical**] [All Stages]

Budget for compliance costs in regulated industries [[Important](#)] [0-10]

Conduct regular privacy audits [[Important](#)] [11-50]

STEP 15: CONTRACT REVIEW

Review all contracts fully before signing [**Critical**] [All Stages]

- Set legal review thresholds (\$50K+, IP, long-term) [**Critical**] [11-50]
- Avoid unlimited liability and auto-renewal clauses [**Critical**] [All Stages]
- Track contract renewals and expirations [**Important**] [11-50]
- Standardize contract templates [**Important**] [11-50]

Total Items: 66 | Calculate your Legal Maturity Score now

Your Legal Maturity Score Tracker

Count the number of items you've completed from Pages 3-4 and calculate your Legal Maturity Level below.

YOUR COMPLETED ITEMS: _____ / 66

COMPLETION RATE: _____ %

LEGAL MATURITY LEVELS

| Score Range | Maturity Level | Status | Action Required |
|-------------|-------------------------|----------------------|--|
| 0-20 | Foundation Stage | High Risk | Start with Critical items immediately |
| 21-40 | Building Stage | Moderate Risk | Complete Important items within 90 days |
| 41-55 | Growth Stage | Low Risk | Polish processes and prepare to scale |
| 56-66 | Mature Stage | Best Practice | Maintain systems and optimize continuously |

Foundation

Building

Growth

Mature



Mark your score here

Focus on completing all **'Critical'** items first, then **'Important'** items. Revisit this checklist quarterly as your company grows and your needs evolve.