

## Starting Up A Business - 4/17/2001

by [Sanford Botkin](#)

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Many times people have asked me, "What forms are needed in order to start up a business. Here is a checklist of most of the required information. I should note that this list may not be complete since each state has its own requirements which may or may not differ from what is presented here:

**1. Certificate Of Occupancy:** If you are planning on occupying a building, you may have to apply to get this from your local city or county zoning department, especially if the building is new or you will conduct substantial improvements to the premises.

**2. Business License:** Many states require licensing of a host of businesses. Sometimes the license need be gotten from the state, and sometimes it need be gotten from the city or county. I should note that many home based businesses and networking businesses do not ordinarily need a license.

**3. Starting Out With The Right Organization:** There are lots of ways to start out a business: Corporation, S Corporation, LLC, Sole Proprietorship etc. The choice of entity determines the amount of liability protection, amount of paperwork hassle and some tax planning. For example, California taxes corporations both in state and out-of-state corporations with a minimum tax of \$800. Thus, many factors go into this decision, and it should be investigated thoroughly. I discuss some of the factors on pages 131-139 of my accompanying workbook to my [Tax Strategies Series](#).

**4. Fictitious Business Name:** If you use a name for your business or sole-proprietorship other than that of your own name, you must generally register the fictitious name with the county

**5. Trade Name and Trade Mark protection:** If you want to protect your trade name and any special trade marks that you want developed to brand your business, you will have to file a "Registration of Trademark of Service Mark" with the U.S. Department of Commerce. For further information call 800-786-9199

Also call the Commissioner of Trademark and Patents, whose number is listed below.

**6. Copyrights and Patents:** If you have developed some special invention or have some written material that you don't want people to copy, you need to file for a patent for an invention or copyright for written materials. To register a patent or copyright, it must be done with the Commissioner of Trademarks and Patent and Copyright Applications. The phone number for patent registration forms and questions is: 800-786-9199. The phone number for copyright forms is: 202-707-9100. If you have a copyright question, call: 202-707-3000.

**7. Business Insurance:** All businesses have some form of business insurance to cover them for theft of business equipment and for liability problems. Most homeowner policies exempt business equipment from their coverage. Check with your property and casualty agent.

**8. Sales Tax Number:** In many states, you may be required to collect and remit sales tax. Thus, you should get a sales tax number in the states that you would be conducting business, especially your home state. I should note that many networking companies take care of this for you with the state. They usually have a deal with each state. If you are joining a multi-level marketing company, check with them about this.

**9. Unemployment Insurance:** If you have any employees or if you incorporate (you will be the employee), you will have to pay both federal and state unemployment insurance. Contact your state unemployment insurance office for the forms and instructions. Also, you will have to get an employer ID number from the IRS by filing form SS-4 with the IRS. This will set you up for withholding for any employees and for federal unemployment tax.

**Tip:** Use a payroll service. Payroll services will file all forms such as W-2s, forms 940 and 941 for unemployment and social security etc. It is inexpensive to use them and saves you a lot of hassle.

**10. Immigration Act:** If you have employees, you will have to verify employment eligibility of these employees, or you can be hit with a sizable penalty. You will have to file form I-9 for each new employee, other than for yourself or your immediate family if they are US citizens. For additional information, call 800-755-0777

**11. Health and Safety:** Be aware that there are lots of health and safety laws applicable to employees. The Federal Occupational Safety and Health Administration have some standards and brochures that you should read. Call them for information. Usually, it simply means posting some rules on the wall. This is especially true if you open a restaurant or have a manufacturing facility.

**12. Workers' Compensation:** If your business employees three or more people, this Workers' Compensation Insurance must be carried to cover injured employees. The owner may usually exempt himself or herself from this if they wish.

**13. Minimum Wage:** Be aware that there are minimum wage rules in this country that must be honored.

**14. Form W-4 For Each Employee:** Each employee must fill out IRS form W-4 for withholding and for claiming exemptions. If these change, it must be filed out for each year of the change. See IRS publication 505. Generally, for every \$2,800 in new deductions that you expect such as, housing interest, expected losses from a business, or for each dependent, you may claim an exemption.

In short or maybe not so short: this article should give you a great summary of your legal requirements and some legal issues of starting a business. It should, at the very least, keep you out of trouble and limit some penalties for non-compliance.

Sandy Botkin is a CPA, attorney and former trainer of IRS attorneys nationwide. He lectures all over the nation on tax planning for self-employed and corporate taxpayers and can be seen in the big events with Donald Trump, Anthony Robbins and many others. He has been written up in Newsweek and in many other magazines. He is also a syndicated writer and noted author of this famed tape series "Tax Strategies for Business Professionals" and "Tax and Financial Strategies for Residential Real Estate." To find out more about Sandy and his products, check out his terrific small business web site at: [www.taxreductioninstitute.com](http://www.taxreductioninstitute.com) or by calling his office at 301-972-3600 in Maryland.