



Tips for Legal Structure And Licensing

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Starting a business requires a lot of time, effort and hard work, and many entrepreneurs end up failing. Exciting – but also demanding.

It is important to prepare yourself for entrepreneurship and when you are ready to start, here's an overview to ensure that your company is ready for success

Prepare a business plan and materials

1. A important first step in starting your business is preparing a business plan. This is to define what is your business, what are your products and services, outline your goals, list all the operating procedures and possible competition.

From your business plan, you will be able to identify if your company needs funding from a traditional loan or venture capitalists.

2. Make sure your plan includes a marketing approach. Marketing is the heart of your business, in most aspect your business will depend on successful marketing. It covers advertising, public relations, promotions, and sales. Marketing is a process by which a product or service is introduced and promoted to potential customers and how your customer will remember who and what is your business.

Meet legal requirements

3. Of course, incorporating your business or forming an LLC with the state is important. Whatever industry your intended startup is in, you should consider carefully what kind of corporate structure you are going to set up because it protects your personal assets from business debts and liabilities. Other benefits of forming a corporation or LLC include protecting your asset, tax advantages and greater credibility with customers, vendors and business partners.

4. Every great business needs two very talented professionals right from the start - an accountant and Attorney, many small business owners seek advice professionals like them. As you search for an accountant and attorney, get referrals from friends or family, and look for professionals who have worked with other small business owners or companies in your specific industry. Remember, this professional will serve as a representative of you and your company!

5. Get necessary tax identification numbers, licenses and permits. If you're starting your own company, be sure to avoid the common mistake of overlooking the licenses and permits you need to run your business. To learn which business licenses may be necessary for your particular business, contact the appropriate state and local agencies to determine your requirements and application procedures.

Here are the things you need to consider:

Federal, state and Local Licenses

- Federal licenses are typically required only for businesses regulated by a federal agency, such as the Securities and Exchange Commission and the Bureau of Alcohol, Tobacco, and Firearms

Permit types

- There are a plenty of permit types, according to your business location and type. They act as evidence that you are in compliance with local ordinances. Health department permits, Sign permits, and Fire department permits.

Zoning requirements

- If you operate a home-based business, be sure to check on zoning requirements.

Other licenses that are commonly required

- A federal tax identification number. Also called an employer identification number or EIN, this acts as a social security number for your business. It is issued by the IRS and required on all federal tax returns filed for your business and is a requirement for payroll tax filings. Doing business as (DBA) filing allows a business to operate under a name other than the "official" name.

6. Ensure your business and investigate other requirements. Some industries have specific insurance requirements. Discuss your needs with your insurance agent to get the right type and amount of insurance. Remember to look into any other government tax and insurance requirements that might apply to your business, particularly if you have employees.

For example:

- Unemployment Insurance
- Workers' compensation
- OSHA requirements
- Federal tax
- State and local tax
- Self-employment tax
- Payroll tax requirements (such as FICA, federal unemployment tax, and state unemployment tax)
- Sales and use tax

Prepare yourself financially

7. It is crucial to separate business finances from personal ones. Opening a business bank account for your new endeavor doesn't just serve to legitimize your business idea and make you a "real" business. It's also a vital consideration for your taxes, it allows you to easily keep track of expenses and plan your budget more accurately.

Most banks require company details, such as formation date, business type, and owner names and addresses. If your business is not incorporated, most banks will require a DBA (doing business as or fictitious business name). Contact your bank about requirements prior to opening an account.

8. Arrange your business accounting and apply for loans. You may want to use an accountant, or handle finances yourself with a small business accounting solution. Time spent organizing the way you do your business accounting will help you save hours keeping your books, and will provide you clarity on how your business is performing at all times. Either way, properly account for all business disbursements, payments received, invoices, accounts receivable/accounts

payable, etc. And if you don't have enough capital to start a business, this is also the time to seek funding from banks or through Small Business Administration (SBA) loan programs.

9. Establish a business line of credit. This will help reduce the number of times your company prepaays for purchased products and services. It also helps establish a strong credit history, which is helpful for vendor and supplier relationships.

For businesses, the global standard numbering system to identify all types of business organizations, such as corporations, non-profits, and government entities, is the D&B Number or DUNS number. Your DUNS Number will be directly linked to your company's credit file and play an important role in your company's search for credit and financing. With a DUNS Number and business credit report lenders, suppliers, and creditors can better assess the creditworthiness of your business.

10. Ready your workspace either you are Home-based or Office-based. For home-based businesses, ensure you are meeting city zoning requirements for your area. Thankfully, "Going to work" is no longer a term that is only reserved for offices it can mean almost anything these days. Your workspace can be your anywhere in your home, a coworking hub, or even the counter at your favorite cafe.

For non-home-based businesses, you'll likely need to lease office space. When renting an office, you have the chance to make it look and feel just right. Don't forget to purchase or lease furniture and office equipment. And you can decorate it with fresh plants, interesting art, and inviting furniture for visitors and client. This will also attract potential clients and customers and have the chance to network and make valuable connections.

