

## ***CHECKLIST FOR STARTING A BUSINESS***

Compiled by the Michigan Small Business Development Center at Washtenaw Community College

### **To Register Your Business Name**

Sole Proprietors and General Partnerships: The name of the business should be registered with the Washtenaw County Clerk's Office. This assures that no one else in the county has that name for a business in Washtenaw County and will protect the name of your business for 5 years. The name is registered as a DBA which stands for Doing Business As... The County Clerk's Office is located at 200 N. Main St., Suite 110 in Ann Arbor, Michigan, and the phone number is 734-222-6700.

Corporations and Limited Liability Companies: Must register the company with the State of Michigan Corporation & Securities Bureau. This department will tell you if the name is available and what steps you need to take to incorporate or form a limited partnership. The address is P. O. Box 30054 Lansing, MI 48909. The phone number for information and forms is 517-241-6400 (not toll-free) or at the website [www.cis.state.mi.us/bcs/corp/assist.htm](http://www.cis.state.mi.us/bcs/corp/assist.htm).

### **Getting a Federal ID Number**

To answer most questions obtain the free CD-ROM: *Small Business Resources Guide: What you need to know about taxes and other topics*. The CD-ROM, forms and publications are available by calling 800-TAX-FORM (800-829-3676) or visiting the website at [www.irs.gov](http://www.irs.gov).

Who needs a Federal ID Number, also known as the Employer Identification Number (EIN)?

Sole Proprietors if they have employees or file pension or excise tax returns

New Corporations, Partnerships, and Limited Liability Companies

Businesses whose bank requires a Federal ID Number to open an account

The Application for EIN, which is the Federal ID Number, is called an **SS-4** and may be made by phone, by calling 866-816-2065 (toll-free) or by visiting [www.irs.gov](http://www.irs.gov). EIN requests can be faxed 7 days a week, 24 hours a day to one of the following IRS Campus':

Brookhaven, NY 631-447-4991

Cincinnati, OH 859-669-5760

Philadelphia, PA 215-516-3990

### **Registration for Michigan Taxes**

If you are required to collect **sales tax, use tax, withholding taxes** you must register with the Michigan Department of Treasury. The registration form and any information regarding these taxes are available by calling Lansing at 517-636-4730 or at the website [www.treas.state.mi.us](http://www.treas.state.mi.us). If you want to buy products at wholesale to sell at retail, you need this number.

### **Hiring Employees**

For Federal and Michigan withholding and Federal Unemployment Insurance, see **Getting a Federal ID Number** and **Registration for Michigan Taxes** above. You are also required to carry Workmen's Compensation insurance in case of injuries to employees and your insurance agent will be able to tell what you need to do to cover your employees. You will be subject to withholding federal income tax and Social Security taxes from the employee. The employer is responsible for paying federal and state unemployment the matched portion of Social Security taxes.

**Unemployment Insurance** is required. To register for Michigan unemployment insurance call the Unemployment Agency at 313-456-2180.

A **New Hire Reporting Form** is required for each new, rehired, or returning employee. This is available from the State of Michigan by calling 800-524-9846 or online at [www.minew-hires.com/](http://www.minew-hires.com/).

Additionally, you must have in your files on every employee an **Immigration and Naturalization Service form** called an **Employment Eligibility Verification (Form I-9)** that verifies that the employee is eligible for work in the United States and the federal **W-4** and state **MI-W4** for withholding information. Federal forms can be downloaded from [www.irs.gov](http://www.irs.gov).

Hiring employees incurs responsibilities for making federal and state tax deposits, filing periodic employment reports, and maintaining insurance coverage on employees. Contacting a tax accountant is advised.

## **Taxes on the Business**

A bookkeeper or accountant is the best source of information on what taxes and filing requirements are necessary.

*Sole Proprietors* are the business and therefore have personal tax liability for income from the business and for social security taxes on the profits. These taxes are paid with your personal tax return. If the business has employees, the taxes that are withheld from the employee and the employer taxes will be paid through federal tax deposits and federal and state employment tax returns. Your tax preparer will inform you if a Michigan Single Business Tax Return is due.

*Partnerships, Limited Liability Companies, and S-Corps* as entities do not owe taxes as a business. The profit or loss becomes part of the individual owners' returns and taxes are paid at the owner's personal tax rate. Personal social security taxes are paid on the profits by each owner. These entities are responsible for the federal and state tax withholding payments and employer taxes and filing of employee reports. Your tax preparer will inform you if a Michigan Single Business Tax Return is due.

*Corporations (not S-Corps)* pay taxes on profits and are responsible for federal and state tax deposits from employee withholding and employer taxes. Additional taxes are due the state of Michigan for the corporation and for employees. There is also a state informational form that is due annually.

## **Local Licensing, Permits, Zoning, Building Codes, and Environmental Concerns**

The location of your business determines the governing body. All businesses should check with the county offices first and then with the respective city, town, village, or township office about these questions. The local phone books are the best source of information for these numbers. Examples of some (but not all) types of businesses that would have local regulations would be those in the food services industry, those dealing with chemicals or gasoline, building and construction, and manufacturing. Required licensing, certification, and permits can be accessed online at [www.michigan.gov/license](http://www.michigan.gov/license).

## **Utilities**

Some telephone, electric, gas, water, and/or sewage services require deposits. The local phone books are the best source of information for these numbers.

## **Insurance**

You need insurance if you hire employees, have a home-based business (homeowners' insurance does not cover this), have other business property, or use vehicles to transport people or goods. Your local insurance agent is usually the best source of information on how to get the necessary coverage.

## **The Business Plan**

Having a great idea does not guarantee a successful business. Developing a business plan and putting in writing the goals and how they are to be achieved helps to determine if the business is viable. For assistance with developing a business plan, you can call SCORE at the Ann Arbor Chamber of Commerce at 734-665-4433 or the Michigan Small Business Development Center at 301 W. Michigan Ave., Suite 101, Ypsilanti, MI 48197 reviews business plans prior to taking the plan to funding sources. The phone number is 734-547-9170.

## **Patents & Trademarks**

US Patent & Trademark Office [www.uspto.gov](http://www.uspto.gov)  
Detroit Public Library Great Lakes Patent & Trademark Office [www.detroit.lib.mi.us/glptc/](http://www.detroit.lib.mi.us/glptc/)

## **Other Websites**

Washtenaw Community College for classes [www.wccnet.edu/lwl/](http://www.wccnet.edu/lwl/)  
Michigan Small Business Development Center state-wide network [www.mi-sbdc.org](http://www.mi-sbdc.org)  
US Small Business Administration [www.sba.gov](http://www.sba.gov)  
Women's Business Center (information applies to everybody) [www.onlinewbc.org](http://www.onlinewbc.org)  
Service Corps of Retired Executives [www.score.org](http://www.score.org)  
Michigan Electronic Library <http://mel.lib.mi.us/business/>  
Small Business Development Center National Information Clearinghouse <http://sbdcnet.utsa.edu/>