

8 WAYS TO STRUCTURE A BUSINESS CORRECTLY

1. PICK YOUR BUSINESS LOCATION

Your business location determines the taxes, zoning laws, and regulations your business will be subject to. You'll need to make a strategic decision about which state, city, and neighborhood you choose to start your business in. You can also choose to have a virtual office location which will also give your business credibility. Your business and home address should never be the same, even if you have a home office.

2. CHOOSE A BUSINESS STRUCTURE

The business structure you choose influences everything from day-to-day operations, to taxes, to how much of your personal assets are at risk. You should choose a business structure that gives you the right balance of legal protections and benefits. A sole proprietorship makes you unlimitedly liable for everything the business does. You are not separate from your business, and you will have a hard time getting credit and funding from business creditors and lenders.

3. CHOOSE YOUR BUSINESS NAME

You can find the right business name with creativity and market research. Ensure no one is using the name you have chosen, and once you've picked your name, you should protect it by registering it with the right agencies.

4. REGISTER YOUR BUSINESS

Register your business to make it a distinct legal entity. How and where you need to register depends on your business structure and business location. You can register at the county level or at the state and Federal level.

5. GET FEDERAL AND STATE TAX ID NUMBERS

Your state tax ID and federal tax ID numbers — also known as an Employer Identification Number (EIN) — work like a personal social security number, but for your business. They let your small business pay state and federal taxes.

6. OPEN A BUSINESS BANK ACCOUNT

Open a business account when you're ready to start accepting or spending money as your business. A business bank account helps you stay legally compliant and protected. It also provides benefits to your customers and employees.

7. APPLY FOR LICENSES AND PERMITS

Most small businesses need a combination of licenses and permits from both federal and state agencies. The requirements — and fees — vary based on your business activities, location, and government rules.

8. GET BUSINESS INSURANCE

Business insurance protects you from the unexpected costs of running a business. Accidents, natural disasters, and lawsuits could run you out of business if you're not protected with the right insurance.



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