

10 Steps to Starting a Business

1. Create a Business Plan

A business plan is like a road map; it shows you where you are in relation to where you want to be. Many businesses fail without a business plan, and furthermore, banks require one prior to being considered for a loan. Contact:

City of San Diego, Office of Small Business
World Trade Center, 1250 Sixth Avenue, 10th Floor
San Diego, CA 921 01-4313
(619) 685-1390

2. Determine the Legal Structure of the Business

Several legal structures exist in the state of California. Your choice of legal structure will affect your income taxes and personal liability. Most businesses start as a Sole Proprietorship or a Partnership and are legally the least complicated. Corporations and Limited Liability Companies must register with the Secretary of State. You may want to contact your own accountant or attorney for advice and assistance in determining the best legal structure for you and your business. For additional information contact:

Secretary of State at (916) 324-6769 www.ss.ca.gov
IRS's Technical Services Division at (800) 829-1040 www.irs.gov

3. Determine a Business Name

The name you choose for your business is very important. In addition to making sure that the name describes your business clearly, you need to ensure that the name is not already being used. If the name you choose is anything other than your own legal surname, state law requires you to file a fictitious business name statement. Checking on the use of your business name and filing a fictitious business name statement can be done by contacting:

County of San Diego, Assessor/Recorder/County Clerk's Office
1600 Pacific Highway, Room 260, San Diego, CA 92101
(619) 237-0502 www.sdarcc.com

4. Select a Site and Determine Zoning Requirements

Determining zoning requirements prior to signing a lease or contract is imperative. You must check with the City to see if the type of business you plan to operate is legal in the desired location. If operating from home, you must follow the requirements of the Home Occupation Regulations. You can obtain this information by contacting:

The Planning Department at (858) 720-2440

5. Obtain Any Special Licenses and Permits

The business type chosen determines the licenses needed to operate a business legally. Businesses selling tangible personal property in the state of California must apply for a Seller's Permit/Resale Number by contacting:

State Board of Equalization
1350 Front St., Room 5047, San Diego, CA 921 01-361 2
(619) 525-4526 www.boe.ca.gov

6. Obtain Employer ID Numbers, If You Intend to Employ Staff

A whole new set of responsibilities arises when a business hires employees. Employers register as an employer, pay additional taxes, withhold, match and submit employee withholdings, must obtain worker's compensation insurance and adhere to employee eligibility regulations. Employer ID numbers can be obtained by completing form SS-4 from the:

Internal Revenue Service at (800) 829-3676 www.irs.gov

7. Get Tax Information

Several types of taxes may be levied on businesses including income tax and employment tax.

For state taxes, contact:

Franchise Tax Board at (800) 852-5711 www.ftb.ca.gov

For a copy of "Striking Gold in California," which outlines state taxes for businesses, contact:

State Board of Equalization at (800) 400-7115 www.boe.ca.gov

For federal tax information and a copy of the "Small Business Resource Guide," an invaluable tool to help business owners understand the basics, contact:

Internal Revenue Service at (800) 829-1040 www.irs.gov

8. Control Your Finances

Get a separate bank account for your business so you don't intermingle your business transactions with your personal ones.

9. Review Your Insurance

Review your insurance coverage needs, such as fire and extended coverage, liability, errors and omissions. Consult with an insurance broker.

10. Keep Good Records

Keep intelligent accounting records. Retain bookkeeping or accounting services if your skills are not sufficient to keep adequate records.