

Starting a Business Accounting

Starting a business can be quite trying at times. There are many things you must consider when starting a business. In addition to deciding what type of business you will start up, what the business will sell or what services the business will provide, you must also make sure that your business is in compliance with all local, state, and federal business laws.

In addition to a business license, required by almost all localities in the United States, a new business must file many tax forms at the start of the business. If you are selling a product, your business will need to file for retail sales tax licenses. Depending on the location of your business, you may need to file for a retail sales tax license from your city, county, and/or state. If you are selling a service, and your state or city requires sales tax for services, your business will also need these forms.

Another thing your business will need to file for is a federal tax identification number. This number is used on all tax documents for your business. It may not be required if you will be the only person working for your business. However, if you plan to use subcontractors or employees, you will need a federal tax identification number in order to pay your contractors or employees. This is required by the federal government so that wages paid can be tracked by the IRS for purposes of collecting income taxes.

Some cities require that individuals and businesses pay a local income tax in addition to state and federal income taxes. You should find out if your business will need to pay this type of tax, and what the filing requirements are for your location. Many businesses are required by law to file quarterly federal income taxes. If you are a smaller or home based business, these quarterly tax payments are not necessary by law, but can prevent you from owing taxes at the end of the year. If you are not sure whether or not your business should make quarterly tax payments, you should contact a professional accountant to answer these and any other questions. If your business does need to make quarterly tax payments, you will want to obtain the necessary forms for your business taxes from the IRS prior to starting your business. Become familiar with the forms and the processes, and organize yourself so that your business runs smoothly after start up.

There are many other considerations when starting a business. You need to make sure that your business follows all business laws applicable to your type of business. Some industries and businesses require additional licensing. Other industries require additional insurance to be purchased. Workman's Compensation insurance is required by federal and most state laws if you have any employees.

Some states require a business to carry liability insurance to cut down on law suits, while in other states this type of business insurance is optional.

Make sure you know the legal requirements for starting a business before you actual begin doing business. This way, you will be compliant with all local, state, and federal business laws, thereby cutting down on your risk of running a business as well as cutting out the possibility that your business could be shut down before it has ever truly begun.