

# NEW BUSINESS START UP GUIDE

## CONGRATULATIONS!

*Congratulations! You have a great new business idea and you are ready to hit the ground running! Hopefully, you have done some research by now and can answer these two key questions:*

1. There is a need for your business
2. There are people that will pay for your products and/or services.

If you can answer yes, then you have a viable business and you are ready to go!

### STEP # 1 MAKE A PLAN

Your business plan is the blueprint that will guide your business from the idea phase to establishing a real bonafide business (ad)venture!

1. Define your mission
2. Description of business objectives
3. Define target market
4. Determine who the competition is
5. Describe product or services
6. Develop marketing & sales strategy



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## STEP # 2 START NEW BIZ

It is important to select the proper structure from the start! There are a few types entities to choose from:

### DBA or Sole Proprietorship

- Simplest Form
- No separation from you as individual
- Sole Proprietorship
- Fictitious Name
- \$50 fee (for 5 years)
- Not exclusive in state of FL
- Income & Expenses reported on your personal return - Schedule C
- Net income is subject to 15.3% SE tax + Federal Tax
- Audit Risk

### Inc, Corp or PA

- Separate Entity
- \$150 fee to register with state of FL
- \$150 annual report filing fee
- Exclusive use of company name in state of FL
- Default tax filing as C-Corp- subject to 21 % flat tax + tax on dividends paid to owner
- File election with IRS to be treated as an S-corporation (passthrough entity). Taxation explained on next page)

## LLC OR PLLC

- Limits liability in the state of FL
- Creditor protection -limits liability to business assets only, not personal assets
- PLLC designation used for professionals
- \$125 fee to register with the state of FL
- Single Member LLC is disregarded for tax purposes - taxed same as sole proprietorship (15.3% SE tax + Federal Tax)
- Multi-Member LLC - taxed as partnership by default. Net income of partnership is subject to 15.3% SE tax + Federal Tax
- Single Member LLC and Multi-Member LLC's can file election with the IRS to be treated as an S-corporation (pass through entity)
- S-corporation files Form 1120-S: US S Corporation tax return

## EXAMPLE OF TAXATION

### Sole Proprietorship, DBA Single Member LLC

Income: \$30,000

Expenses: (\$10,000)  
)

Net Income \$20,000

SE Tax: \$3,060

\*Federal Tax based on  
marginal tax bracket

### S-Corporation LLC, PLLC, Inc, Corp or PA

Income: \$30,000

Expenses: (\$10,000)  
)

Net Income \$20,000

Officer Salary: \$10,000

SS & Medicare Tax: \$1,530

\*Federal Tax based on marginal tax  
bracket

STEP #3: OBTAIN FEIN

Congrats! You are ready to  
get started!

## PICK A BUSINESS NAME

First step is to select a name for your business. Once you have a name selected, we can file the Articles of Organization with the FL Division of Corporations. It can take up to 2 weeks for them to approve the new company.

## OBTAIN EIN WITH IRS

Once the company is formed, we can obtain the EIN from the IRS for you. Typically this can be done the same day!

## OPEN BUSINESS BANK ACCOUNT

“  
A goal  
without a  
plan is just a  
wish.

- Antoine de Saint-Exupery

words to live by



On the following pages, you will find a list of tasks that you may need to perform in order to be set up properly and be ready to hit the ground running!

My philosophy is that as an entrepreneur, especially if you are juggling the work-life balance with raising a family, you should focus your time and energy on doing things that utilize the best use of your time, knowledge and skill set. Delegate tasks such as bookkeeping, payroll, sales tax, etc. so that you can spend your time growing your business!

We are a full-service CPA firm and offer monthly bookkeeping, payroll and financial reporting at a budget friendly price. Call today to learn more!

## YOU ARE OFFICIAL - NOW WHAT!?

Thank you for your trust and confidence in us to assist you with this important first step! We are very excited to be a part of your new business venture and can't wait to watch you grow and become a huge success! Here is a checklist of the next steps to take to make sure you have everything ready to go to be successful & compliant!

### Financial Checklist

1. Open Business Bank Account
2. Set Up Bookkeeping Software:
  - Quick Books
  - Wave
  - Freshbooks
3. Open Merchant Service Account
4. Register for Sales Tax/Resale Certificate,\*
5. Register for payroll - EFTPS & RT-6 Account \*
6. Set up Payroll Services:
  - ADP
  - Paychex
  - Gusto
  - DiSalvo & Associates
  - Quickbooks/Intuit

### Other Professional Services

1. General Liability Insurance
2. Business Coach
3. Worker's Compensation Insurance
4. Set Up Retirement Account
5. Disability/Life Insurance

### Legal & Compliance

1. Apply for Local Business Tax Receipt\*
2. Prepare Operating Agreement\*
3. Consult HR Specialist \*

### Marketing

1. Build Social Media Presence
2. Design Logo
3. Develop tag line
4. Order Business Cards
5. Create Website/Register Domain
6. Create E-mail Database & E-mail communication (i.e. Constant Contact Mail Chimp, etc.
7. Attending Networking Events, ie BNI, Chamber of Commerce, Professional Groups
8. Order Promotional Items

We have a large network of clients & other trusted professionals that we work with that we are happy to recommend for any of your business needs. Contact us for recommendations!

## NEW BUSINESS FAQ'S

We have helped 1000's of entrepreneurs start their new businesses so needless to say we have some experience! I have compiled a list of some of the frequently asked questions that new business owners have:

*Q: How much should I pay myself?*

A: With most start up businesses, my advice is usually to focus on getting clients and build your business. You can repay your self any money that you contributed from your personal account to the business to get started first. As your business grows and your bank balance increases you should consider starting payroll for yourself. If you are a LLC treated as a sole proprietorship, you can take money out of the business as cash flow permits as an member draw.

If you are an S-corporation, the IRS requires owners of S-corporations to pay themselves a "reasonable salary". Reasonable is based on a few factors:

1. How long you have been in business
2. How profitable your business is - typically recommend 50-60% of your net income should be your salary
3. What a similar employee would make doing your job in your geographic area

Keep in mind, you can take part of the money out of the business as payroll and the other portion will be shareholder distributions.

*Q: How do I write off my vehicle expenses?*

A. There are two methods for automobiles used for business purposes:

1. Mileage Method - For 2021, the deduction is 56 cents/mile for business
2. Actual Method - actual fuel, oil change, repairs & maintenance. For leased vehicles you can deduct the business usage % of the payment. For owned/financed vehicles, you can deduct the interest on the car payment. Also, you can take depreciation expense on the vehicle. as well under this method.

*Q. What about my home office?*

A. You can take the simplified method which is \$5/square foot or the prorated method which you would take the square footage of your home office/total square footage of home that % by your home expenses.