

# STARTING A BUSINESS CHECKLIST

**Note:** All businesses and industries are different. This is a simplified version of what it generally takes to start and operate your business. You may find your particular industry requires additional items -or- a little less than what is listed here. It is important to utilize “Key Partners”

## KEY PARTNERS

- Small Business Development Center (SBDC)
- Iowa’s West Coast Initiative (WCI)
- Downtown Partners (if doing business in downtown Sioux City)
- CDC’s, Chambers, City Economic Development Divisions
- CPA Firm (Certified Public Accountant)
- Attorney (Law Firm)
- Insurance Broker or Agency
- Bank/Credit Union
- Business Mentor

## HOUSEHOLD BUDGET

What is your household budget? We ask this question of our clients so that you know how much money you need to maintain your lifestyle and to ensure that the business you are looking at buying or starting will support it. Banks will also consider this when a loan is requested. Additionally, bankability is determined in part by your credit score and your collateral. While a lower score or less collateral are not the end of the road, having a strong credit score and adequate collateral displayed on a *Personal Financial Statement* (PFS) are incredibly helpful.

- Household Budget Completed
- Credit Score known - *above 650 is the target (Credit Karma® is an app to check this)*
- Personal Financial Statement (PFS) Completed

## ASSESSMENT & PLANNING

An honest self-evaluation is vital for assessing your personal characteristics and determining your readiness to meet the demands of owning a small business. This step is often critically overlooked, yet it is one of the most important aspects of the process. Without it, even the best plans can falter. To give yourself the best chance at success, start by focusing on these key steps in your planning.

- Meet with an SBDC Counselor– <https://iowasbdc.org> > “Request Counseling”
- Utilize MySBA Learning– <https://learning.sba.gov>
- Review SBDC Smart Start Series– <https://iowasbdc.org/smart-start-video-series/>
  - This will provide a video overview of the steps necessary in starting a business
- Get Connected with the Community via Iowa’s West Coast Initiative– <https://iawestcoast.com>

## BUSINESS PLAN AND FINANCIAL PROJECTIONS

These documents are needed to determine financial feasibility of the business start-up or purchase. You may download them from America’s SBDC Iowa’s website at [www.iowasbdc.org](http://www.iowasbdc.org) or have your counselor provide them to you.

- Business Plan Completed - *LivePlan® is recommended and also includes Financial Forecasting*
- Financial Projections/Forecasting Completed (as part of your Business Plan)

## ESTABLISH A RELATIONSHIP WITH A BANKER / LENDER

This is a key relationship and will be ongoing for the duration of your business. It’s important you find a bank/banker that understands your project and/or has a history with you. You *may* need the following

- Business Checking/Savings Account
- Business Loan (if needed)
- Line of Credit (if needed)

### OTHER SERVICES (if needed)

- Payroll Direct Deposit
- Merchant Account/Credit Card Payments (*potentially available through your POS*)

## ESTABLISH BUSINESS ENTITY

The legal structure decision involves legal, tax, and liability considerations. Below is a quick overview of the structure you may choose. Full details can be found here: <https://www.iasourcelink.com/guides/start-a-business-guide/register-my-business-entity/>

- **Sole Proprietor:** If you are doing business as a Sole Proprietorship or General Partnership, file your Trade Name with the County Recorder. You do not need to file anything with the Iowa Secretary of State.
- **LLC (Single Member):** To form a Limited Liability Company (LLC), file a Certificate of Organization with the Iowa Secretary of State. SBDC can advise on self-filing for this at no cost, aside from the \$50 filing fee paid to the Secretary of State
  - Website: <https://filings.sos.iowa.gov/Account/Login>
  - SBDC has a template for the Certificate of Organization
- **S-Corporation, C-Corporation, partnership, or LLC partnership:** You should seek advice from a tax accountant and contact an attorney for assistance in filing the required documents with the Iowa Secretary of State.

**TIP:** To see if your potential business name is in use, search here: <https://sos.iowa.gov/search/business/search.aspx>

- Seek advice from SBDC, CPA, and/or your attorney regarding legal structure
- Establish Legal Structure

## BOOKKEEPING

A well-defined and well-maintained bookkeeping system will help the business owner keep track of records to pay the correct amount of tax, both state and federal. It is the business owner's responsibility to pay the correct amount of tax, at the correct time, to the correct federal or state agency. If you do not, you could incur substantial penalties.

- Do it yourself - QuickBooks, a spreadsheet, or a ledger book (Your SBDC Counselor has a discount for QuickBooks)  
–AND/OR–
- Hire it out - find a bookkeeper and/or accounting firm

## TAX PERMITS – FEDERAL AND STATE

- Federal - **EIN (Employer Identification Number)** Required to open a business bank account and remit payroll taxes. Even without employees, having an EIN is recommended to maximize the legal protections of your LLC. Apply for your EIN online at: <https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>
- State - **Business eFile Number (BEN)** for remitting payroll taxes
- State - **Sales Tax Permit:** if you engage in selling taxable products or services
  - It is the business owner's responsibility to determine if their business should be collecting and remitting sales and use tax to the Iowa Department of Revenue. For information on Iowa Sales and Use Taxes go to: <https://tax.iowa.gov/iowa-sales-and-use-tax-guide>.
  - Apply for any State Tax Permits at: <https://govconnect.iowa.gov>

### Recap

- Your **EIN** (Employee Identification Number) is also referred to as FEIN / TIN / Federal ID and is essentially your business's "social security number" in the eyes of the Federal Government. Communications come from the **IRS or Internal Revenue Service**
- Your **BEN & Sales Tax Permit** also referred to as Business eFile number & Sales and Use Tax Permit respectively are your identification numbers used when remitting payroll taxes, sales tax and claiming tax exemption for resale. Communications come from the **IDR or Iowa Department of Revenue**

## PERMITS, LICENSES, AND REGULATIONS

**Note:** Iowa does not have a general business permit or license requirement. To determine what permits or licenses are specific to your business go to <http://www.iasourcelink.com/regulatory/business-license-home>.

- State - Apply for any needed licenses and permits here: <https://dial.iowa.gov/licenses>
- Local - Check with City Hall on zoning restrictions and requirements; signage permits, outdoor seating permits, and any other permits needed locally for your business
- Local - Contact the local Chamber of Commerce and/or Economic Development organization for assistance with local regulations and assistance programs.
- Local - If you are buying an existing building or building a new one, contact your city Building Inspector and Fire Marshall to make sure the building is up to code.

## INSURANCE

Every business has different insurance needs. When talking to your insurance agent ask about the following:

- Business and Liability Insurance (not required but highly recommended)
- Business renter's (or building owner's) insurance and inventory coverage.
- Workers Compensation Insurance. Contact your insurance agent.

#### MARKETING & NETWORKING

- Branding: Logo & colors
- Business cards
- Outdoor signage and indoor signage
- Social media and website, print, radio, promotional items
- Network with other professionals and your target audience
  - Iowa's West Coast Initiative can help with Networking, pitch coaching, and connecting you within the community. Learn more: <https://iawestcoast.com/>

#### HIRING EMPLOYEES

- Familiarize yourself with this info: <https://revenue.iowa.gov/taxes/tax-guidance/withholding-tax/iowa-withholding-tax-information>
- Download/Print W-4 Forms (both Iowa and Federal) from the link above
- Complete an Federal W-4, Iowa W-4 and Centralized Employee Registry (top portion of the Iowa W-4) for each employee.
- Once you start hiring employees, you need to setup an Unemployment Account with Iowa Workforce Development – <https://www.iowaworkforcedevelopment.gov/unemployment-insurance-tax-and-audit>

#### ADDITIONAL RESOURCES & REFERENCES

- IA Sourcelink offers free webinars on taxes. For a listing of upcoming and archived webinars visit: <http://www.iasourcelink.com/resources/business-webinars/iowa-tax-webinars>
- If you are purchasing items for resale, you must give your suppliers a Sales Tax Exemption Certificate. These are available at <https://revenue.iowa.gov/sites/default/files/2023-12/IowaSalesTaxExemptionCertificate%2831014%29.pdf>
- Typical small business taxes are referenced in the table below

TAX	FREQUENCY	PORTAL/TOOL	FORM	APPROX. TAX RATE
Sales Tax (State)	Monthly/Quarterly	GovConnectIowa	N/A	State sales tax rate is 6%, with local option taxes potentially adding up to 1%
Income Taxes (State)	Quarterly (Estimates) & Annually	GovConnectIowa	IA 1040 (sole proprietors) or IA 1120 (corporations)	Sole proprietors and pass-through entities: 4.4% to 5.7% based on income brackets. Corporations: 5.5% to 7.1%
Income Taxes (Federal)	Quarterly (Estimates) & Annually	EFTPS	Form 1040 (sole proprietors) or Form 1120 (corporations)	Sole proprietors and pass-through entities: 10% to 37% based on individual tax brackets. Corporations: flat 21%
Withholding Taxes (State)	Monthly/Quarterly	GovConnectIowa	IA 941	Varies based on employee wages and withholding allowances
Withholding Taxes (Federal)	Monthly/Quarterly	EFTPS	Form 941	Federal income tax withholding varies; Social Security tax at 6.2%, Medicare tax at 1.45% (employer portion)
Employee Wage Reporting	Yearly	GovConnectIowa/EFTPS	Forms W-2, W-3, IA W-2	N/A
FUTA (Unemployment Tax)	Yearly	EFTPS	Form 940	6.0% on the first \$7,000 of each employee's wages; potential credit reduction to 0.6%

## ADDITIONAL RESOURCES & REFERENCES *(cont.)*

### LABOR LAWS

- Workplace Postings – Employers are required by both federal and state law to display certain posters in the workplace. *You may get a letter from a private company asking you to pay for this– that is unnecessary!* They are available for free at IowaWORKS –or– available to print here: <https://workforce.iowa.gov/media/229/download?inline>
- To help determine if an individual is an employee or an Independent Contractor go to: <https://www.irs.gov/businesses/small-businesses-self-employed/independent-contractor-self-employed-or-employee>
- You are required to keep on file an I-9 for all employees and owners. The form can be found at <https://www.uscis.gov/i-9>

### RESTAURANTS, FOOD VENDORS, FOOD TRUCKS

- These types of businesses must obtain specific permits from Iowa Inspection and Appeals, see “*Permits, Licenses and Regulations*” on **Page 2**
- Siouxland District Health Department (or your area’s local version) is the best resource to start with.
- ServeSafe Certification is also required by food handlers in Iowa. See the Iowa Restaurant Association’s website for classes and more details. <https://restaurantiowa.com/servsafe-classes/>

### RETAIL / POINT-OF-SALE

Before opening your business, it’s essential to determine which Point-of-Sale (POS) software you’ll use. A good POS system offers numerous benefits, including:

- Managing inventory and tracking sales in real time
- Integrating features like time clocks, payroll management and credit card processing
- A reliable POS is crucial for accurate record-keeping and can often be exported or synced directly with accounting software such as QuickBooks, streamlining your financial management process in a big way

### GENERAL CONSTRUCTION CONTRACTORS

- All construction contractors in Iowa must register with the Department of Inspections, Appeals, and Licensing (DIAL). The registration process and requirements are detailed on DIAL’s official website. Please review the information carefully to determine if you are required to pay a registration fee. <https://dial.iowa.gov/licenses>