



**Note: Please contact Bart Mitchell with Archuleta Economic Development Association if you have any questions. 970-731-1443.**

## **BUSINESS REGISTRATIONS**

1. **Legal Structure:** You will need to decide what type of legal entity your business will be. Consult legal advice on this decision and on the formation of your legal structure. There are pros/cons for each type of entity based on your business model. Most law firms will handle the trade name registration and sales tax licensing as well. If you already have an existing business and/or legal entity, OR if you plan on being a **sole proprietorship**, please go to step 2.
2. **Trade Name Registration:** Once you have a legal entity status and a business name, you need to register it with the state of CO. Please complete the following steps:
  - a. Check the Secretary of State database to see if your trade name already exists **FIRST!** That way you will ensure no duplication of your business trade name. To check go to the following site and do a search on your business name:
    - i. Secretary of State: <http://www.sos.state.co.us/biz/BusinessEntityCriteriaExt.do>
  - b. **Note:** If you are using your personal name as the business name without any reference to a business, (ie; Janet Smith is okay, but not Janet Smith's Pizza) you do not need to file a trade name registration.
  - c. Register your trade name with Secretary of State by going to <http://www.sos.state.co.us/biz/FileDoc.do> and selecting the right legal structure filing under the "Form a new..." on the left column. If you are a sole proprietor, unincorporated non-profit, or general partnership, select the "Register a Trade Name" under the "Register a..." column on the right.
3. **Sales Tax License:** Will you be selling, renting or leasing tangible personal property? If not, because you are a service business for example, go to step 4. If Yes, you will need to do the following:
  - a. Obtain a Sales Tax License by filling out form CR100 at the CO Department of Revenue website ([http://www.revenue.state.co.us/TPS\\_Dir/wrap.asp?incl=startbusiness](http://www.revenue.state.co.us/TPS_Dir/wrap.asp?incl=startbusiness)) and sending to address on the form. Cost is \$16 for application plus a \$50 deposit you will get back after first \$50 of sales tax collected.
  - b. Sales Tax License is also required if you have a lodging business and you will rent accommodations for < 30 days.
  - c. Currently there is no sales tax license required in Archuleta county or Town of Pagosa Springs. Only your state sales tax license is required.
4. **Federal Employer Identification Number (FEIN):** All forms of legal structure *except sole proprietors* with no employees will need to do the following:
  - a. Get your FEIN same day by calling 800-829-4933, OR
  - b. Download and Fax form SS-4 to (215) 516-3990 by going to <http://www.irs.gov/formspubs/lists/0,,id=97817,00.html>, select Form SS-4 and click

“Review Selected Files”. FEIN should be received in 4 business days. You can also download instructions at this site as well.

5. **Employees:** If you will have employees, you will need to do the following. If you will not have employees, please go to step 6:
  - a. You must open federal, state, and local wage withholding and payroll tax accounts.
  - b. You will also need to fill out form CR0100 with CO Dept of Revenue and form SS-4 with the IRS to get your employer identification number (FEIN). See step #4 above for info on obtaining the Form SS-4. To obtain the CO CR0100 form, download it at: [http://www.revenue.state.co.us/TPS\\_Dir/wrap.asp?incl=startbusiness](http://www.revenue.state.co.us/TPS_Dir/wrap.asp?incl=startbusiness)
  - c. You will also need to obtain worker’s compensation insurance. See the CO Department of Labor & Employment’s website (<http://www.coworkforce.com/dwc/FAQs/EmployerFAQs.asp>) for information on worker’s compensation.
  - d. Filing Form CR0100 will also set up your UI (Unemployment Insurance) account with the state.
  
6. **Business License:** State of CO does not require a business license.
  - a. If you will be doing business in the Town of Pagosa Springs, you will need to purchase a business license. Call the town at 970-264-4151 to get an application. Archuleta County do not require a business license.
  - b. The state of Colorado does require for some industries to have what they call an “Industry Specific License”. Please go to the following website to ensure you do not need an “Industry Specific License”: <http://www.state.co.us/oed/industry-license/index.cfm>
  
7. **Federal and State Income Taxes:** To ensure you have filed for the proper state income tax, please find your legal entity below, and follow the directions:
  - a. **Corporations** – subject to state and federal corporate income taxes.
    - i. Federal taxes - See IRS Publ #542 for help in determining federal tax liability.
    - ii. State taxes – 2 ways to calculate corporate income tax, contact Dept of Revenue at 303-238-3278.
    - iii. If you expect your federal tax liability to be \$500 or more, and/or state tax liability of \$5,000 or more, must pay estimated taxes during year using Form 1120W for federal and Form 0112 ES for state.
    - iv. Annual tax returns are on Form 1120 for federal, and Form 0112 for state.
    - v. **S-Corporations:**
      1. Business income will be taxed as a partnership and is exempt from corporate income taxes. Corporate income tax return is still required though.
      2. Working corporate officers are treated as employees, and must be paid a “reasonable” wage, which is subject to all payroll taxes.
      3. Use the same federal and state tax return forms as corporations. Same rules apply for filing estimated taxes during the year.
      4. Use form 1120S for federal tax return.
  - b. **Partnerships & Limited Liability Companies**
    - i. If business is general partnership, limited partnership, limited liability company, limited liability partnership, limited liability limited partnership or a limited partnership association, you must file state and federal partnership income tax returns.
    - ii. Use Publication #541 for info on partnerships and filing taxes.

- iii. Partnerships are not required to pay income tax as a partnership. Federal and state partnership returns are to report business income/expense, changes to balance sheet, and how partners share profits and losses.
  - iv. Use Form 1065 for federal, Form 0106 for state partnership returns.
  - v. Self-Employment Tax: Each partner is responsible for his/her own income and self-employment taxes. If you do not have taxable income, no estimated tax payments required. If you expect to owe more than \$1000 in federal income tax, or state income tax, you will need to file estimated tax during the year. Use form 1040-ES for federal, Form 0104-ES for state.
- c. **Sole Proprietorships**
- i. Self-Employment Tax - Sole proprietors must pay self-employment tax on the income they receive from their business. If you do not have taxable income, no estimated tax payments are required. If you expect to owe more than \$1000 in federal income tax, or state income tax, you will need to file estimated tax during the year. Use form 1040-ES for federal, Form 0104-ES for state. Check with your local accountant for help on this matter.
  - ii. Useful Publications for Sole Proprietor State Income Tax – Go to <http://www.irs.gov/formspubs/lists/0.,id=97819,00.html> to get publications. Pub#334: Tax Guide for Small Business, Pub#505: Tax Withholding and Estimated Tax, Pub#533: Self-Employment Tax, Pub#587: Business Use of Your Home.
8. **Personal Property Tax** – Personal Property taxes are assessed on any real estate and/or personal property (land, buildings, furniture, equipment, etc) which directly or indirectly produce income for your business.
- a. Archuleta County Tax Assessor determines value of property, and thus rate of property tax. Taxes are assessed on a percentage of the actual value. To determine property tax, multiply the assessed value by the local tax rate. Call the Archuleta County Tax Assessor Karen Pryor at 970-264-8310 to determine what you will need to do for your business.
  - b. Property taxes must be paid by April 15<sup>th</sup> of each year.

## BUSINESS PLANNING

1. **Finances**: One of the most important aspects of your business is that it is well capitalized, and that you have a plan for financing your business before you start. Taking the NxLevel Leading Edge course is a great way to ensure you have performed the necessary tasks. For more information on this training, go to the Archuleta Economic Development website (<http://www.archuletaeconomicdevelopment.org/events.htm>) to find out the timing of the next available class. As a quick checklist, go through the steps below to ensure you have the proper startup capital:
- a. Do you have the financial backing to start your business and initial operating expenses until you make a profit?
  - b. Do you have a budget?
  - c. Have you put together any initial proformas on your business model? Initial P&L, Cash Flow Analysis, Break-Even Analysis and capital requirements.
  - d. If you feel you will need financing to start your business, there are several options. Please call Bart Mitchell with the AEDA at 970-731-1443 for help with this.
    - i. Region 9 Micro-Enterprise loans up to \$25,000
    - ii. SBA 504 Loans up to 2 million
    - iii. Region 9 RLF loans
    - iv. Banks
  - e. How much do you estimate in your business plan that you need for a building? Leasing space? Operating capital? Land? Inventory? Payments to employees?

2. **Business Plan:** Do you have a business plan? If not, you'll need one, both if you want to apply for financial assistance through a local bank or other organization, and because it will help you develop a proper strategic plan for the growth of your business. Look into taking the NxLevel Leading Edge course, which is a 12 week course to teach you how to formulate a business plan. For more information on this training, go to the Archuleta Economic Development website (<http://www.archuletaeconomicdevelopment.org/events.htm>) to find out the timing of the next available class or call Bart Mitchell with the Archuleta Economic Development Association at 970-731-1443 for details. You may also choose to set up an appointment for one on one counseling to get your business plan completed.
  
3. **Market Research:** Have you done the proper market research to make sure this business is a go? Is there a market for your product? Who's your biggest competitor? Why? What can you do to gain market share over this competitor? Forming a business plan will help you accomplish this. See step 2 above.