



## **REGULATIONS**

### **Government Regulations and Your Business**

It may be inconceivable to you that your home-based consulting service or hand knit sweater business would have to comply with any of the numerous local, state and federal regulations, but in all likelihood it will. Avoid the temptation to ignore regulatory details. Doing so may avert some red tape in the short term, but could be an obstacle as your business grows. Taking the time to research the applicable regulations is as important as knowing your market.

Below is a checklist of the most common requirements that affect small businesses, but it is by no means exhaustive. Bear in mind that regulations vary by industry. If you're in the food service business, for example, you will have to deal with the health department. If you use chemical solvents, you will have environmental compliance to meet. Carefully investigate the regulations that affect your industry. Being out of compliance could leave you unprotected legally, lead to expensive penalties, and jeopardize your business.

#### **Business Licenses**

There are many types of licenses. You need one to operate legally almost everywhere. If the business is located within an incorporated city limits, a license must be obtained from the city; if outside the city limits, then from the county. For more information contact the county or city office in your area or try these state web sites that offer business license information

You may also try going to your state Home Page, locating their "SEARCH" feature and typing in "business license" or "county information."

#### **Certificate of Occupancy**

If you are planning on occupying a new or used building for a new business, you may have to apply for a Certificate of Occupancy from a city or county zoning department. For more information contact the county or city office in your area.

You may also try going to your state Home Page, locating their "SEARCH" feature and typing in "certificate of occupancy" or "county information".

#### **Business Organization**

There are many forms of legal structure you may choose for your business. The most common structures are Sole Proprietorships, General and Limited Partnerships, C and S Corporations and Limited Liability Companies. Each legal structure offers organizational options which are appropriate for different personal situations and which affect tax and liability issues. We suggest you research each legal structure thoroughly and consult a tax accountant and/or attorney prior to making your decision.

#### **Fictitious Business Name**

Businesses that use a name other than the owner's must register the fictitious name with the county as required by the Trade Name Registration Act. This does not apply to corporations doing business under their corporate name or to those practicing any profession under a partnership name. For more information contact your state or local government.



You may also try going to your state Home Page, locating their "SEARCH" feature and typing in "trade name registration" or "county information".

### **Protecting Your Idea**

If applicable to your business, you may want to apply for trademarks, patents and your copyright.

#### **Trademarks**

Trademarks are names or symbols used in any commerce that is subject to regulation by state government or the U.S. Congress.

State Registration of a Trademark:

Trademarks and service marks may be registered in a state for a term of ten years. For more information about Applications for Registration of Trademark or Service Mark in your state, contact your state government.

Federal Registration of Trademark and Patent

To register a trademark contact:

U.S. Department of Commerce

Trademark Office

2021 Jefferson Davis Highway

Arlington, Virginia 22202

(703) 305-8341 or (800) 786-9199

To register a patent, contact:

Asst. Commissioner for Trademarks, Patent Applications

Washington, D.C. 20231

(800) 786-9199

Also, visit their web site at <http://www.uspto.gov>

Caution: Federally registered trademarks may conflict with and supersede state registered business and product names. Businesses are encouraged to check for conflicts with federal trademarks.

#### Patents

Contact:

Superintendent of Documents

P.O. Box 371954

Pittsburgh, Pennsylvania 15250-7954

(412) 512-1800

New and useful inventions can be protected by a U.S. patent. Professional assistance from a patent attorney is strongly urged because patent procedures are detailed and technical. A patent search is



performed to see if a patent currently exists on the same or nearly the same device and, if not, to make proper application with the Patent Office.

Note: Only attorneys and agents registered with the U.S. Patent Office may represent inventors in related matters. The office has geographical and alphabetical listings of the more than 11,000 registered agents. Only these agents may perform patent searches in the patent office. Inventors or their attorneys can make arrangements with one of those agents. U.S. patents are issued by the Assistant Commissioner of Patents, Washington, D.C.

Additional information is provided in the publication, General Information Concerning Patents and other publications distributed through the U.S. Patent and Trademark Office.

#### Copyrights

Contact:

U.S. Library of Congress  
James Madison Memorial Building  
Washington, D.C. 20559  
(202) 707-9100 - Order Line  
(202) 707-3000 - Information Line

Copyrights protect the thoughts and ideas of authors, composers and artists. A copyright prevents illegal copying of written matter, works of art or computer programs. In order to ensure copyright protection, the copyright owner should always include notices on all copies of the work.

#### **Tax Information**

Business owners are required by law to withhold the following from the wages paid to employees: federal income taxes, state income taxes and FICA (Social Security) Insurance.

Income taxes will also be levied by the federal and state governments on earnings of any business. Therefore, each business must file an income tax return with both agencies. Businesses may be required to file estimated tax returns and pay estimated taxes on a quarterly basis.

For federal tax information, contact:

U.S. Internal Revenue Service (IRS)

You can go to IRS's website area for business taxes or call your local IRS office to receive a number of publications that are available upon request to small businesses. One of the most helpful is Your Business Tax Kit, which includes data and forms for a Federal Employer Identification Number and a tax guide for small businesses that can be ordered by calling Forms and Publications at (800) 829-3676 or through a visit to your local IRS office.

You may want to contact your local Social Security Administration Office for (FICA) Insurance information or visit one of these helpful SSA web sites:



## Employers' Information Social Security Forms

For State tax information, try these state web sites for tax information, call your state government or visit your official state Web site.

### **Federal Self-Employment Tax**

Everyone must pay Social Security Tax. If you are self-employed, your Social Security contribution is made through the self-employment tax. You will need to calculate how best to report earnings and pay your business taxes.

Contact the IRS at (800) 829-1040, visit your local IRS office, go to the Official IRS Web site for more information. The IRS may seem like a complicated maze, but there are publications, counselors and workshops available to help you sort it out.

### **Business Insurance**

Like home insurance, business insurance protects the contents of your business against fire, theft and other losses. Contact your insurance agent or broker. It is prudent for any business to purchase a number of basic types of insurance. Some types of coverage are required by law, other simply make good business sense. The types of insurance listed below are among the most commonly used and are merely a starting point for evaluating the needs of your business.

**Liability Insurance** -- Businesses may incur various forms of liability in conducting their normal activities. One of the most common types is product liability, which may be incurred when a customer suffers harm from using the business product. There are many other types of liability, which are frequently related to specific industries. Liability law is constantly changing. An analysis of your liability insurance needs by a competent professional is vital in determining an adequate and appropriate level of protection for your business.

**Property** -- There are many different types of property insurance and levels of coverage available. It is important to determine the property you need to insure for the continuation of your business and the level of insurance you need to replace or rebuild. You must also understand the terms of the insurance, including any limitations or waivers of coverage.

**Business Interruption** -- While property insurance may pay enough to replace damaged or destroyed equipment or buildings, how will you pay costs such as taxes, utilities and other continuing expenses during the period between when the damage occurs and when the property is replaced? Business Interruption (or "business income") insurance can provide sufficient funds to pay your fixed expenses during a period of time when your business is not operational.

**"Key Man"** -- If you (and/or any other individual) are so critical to the operation of your business that it cannot continue in the event of your illness or death, you should consider "key man" insurance. This type of policy is frequently required by banks or government loan programs. It also can be used to provide continuity in operations during a period of ownership transition caused by the death or incapacitation of an owner or other "key" employee.



**Automobile** -- It is obvious that a vehicle owned by your business should be insured for both liability and replacement purposes. What is less obvious is that you may need special insurance (called "non-owned automobile coverage") if you use your personal vehicle on company business. This policy covers the business' liability for any damage which may result for such usage.

**Office and Director** -- Under some circumstances, officers and directors of a corporation may become personally liable for their actions on behalf of the company. This type of policy covers this liability.

**Home Office** -- If you are establishing an office in your home, it is a good idea to contact your homeowners' insurance company to update your policy to include coverage for office equipment. This coverage is not automatically included in a standard homeowner's policy.

### **Sales Tax Number**

In your state there is a percent sales and use tax which applies to the retail purchase, retail site, rental, storage, use or consumption of tangible personal property and certain services. In other words, sales tax must be collected on just about every tangible item sold.

A sales tax number is required for each business before opening. The number, plus instructions for collection, reporting and remitting the money to the state on a monthly basis, can be obtained from your state government.

### **Other Considerations...**

All businesses with employees are required to comply with state and federal regulations regarding the protection of employees. For information on state labor laws, work force availability, prevailing wages, unemployment insurance, unionization, benefits packages and employment services contact your state government.

Federal information may be obtained by contacting the:  
U.S. Department of Labor

### **Unemployment Insurance Tax**

Businesses are required by the state to pay unemployment insurance tax if the company has one or more employees for 20 weeks in a calendar year, or it has paid gross wages of \$1,500 or more in a calendar year. The taxes are payable at a rate of 2.7 percent on the first \$8,500 in annual wages of an employee. Go to your state home page to check the figures for your state.

Unemployment insurance must be reported and returns made to the state.

### **Immigration Act**

The Federal Immigration Reform and Control Act of 1986 requires all employers to verify the employment eligibility of new employees. The law obligates an employer to process Employment Eligibility Verification Form I-9. The Immigration and Naturalization Service Office of Business Liaison offers a selection of information bulletins and live assistance for this process through the



Employer Hotline. In addition, INS forms and the Employer Handbook can be obtained by calling the Forms Hotline.

For Forms: (800) 870-3676

Employer Hotline: (800) 357-2099

### **Health and Safety**

The Federal Occupational Safety and Health Administration (OSHA) outlines specific health and safety standards employers must provide for the protection of employees. Many states have similar standards.

For state information contact your local OSHA office.

### **Workers' Compensation**

If a business employs three or more people, workers' compensation insurance must be carried to provide protection to those injured in on-the-job accidents. The State Board of Workers' Compensation aids people who need claim assistance.

### **Minimum Wage**

Virtually all business entities are subject to the federal minimum wage, overtime and child labor laws. Information on these laws and other federal laws, may be obtained from:

U.S. Department of Labor  
Wage and Hour Division

### **Bar Coding**

The Uniform Code Council, Inc., (not a government agency) assigns a manufacturer's ID code for the purposes of bar coding. Many stores require bar coding on the packaged products they sell. For additional information contact: Uniform Code Council Inc., P.O. Box 1244, Dayton, Ohio 45401, (513) 435-3870.

Source: Small Business Administration Website