

SELF-EMPLOYMENT CHECKLIST FOR FORMATION, LICENSING, TAX ISSUES

Formation (No formalities associated with forming a self-employment business)

Obtain the necessary licensing

- Check City licensing requirements (e.g. occupancy permits)
- Register your trade name
- Get a Federal Tax ID # (FEIN) if you will have employees
- Obtain State withholding license, if you will have employees, as well as other possible state licensing for employers (e.g. unemployment, security bonds)
- Obtain a sales tax license if necessary (make certain you know whether your business activity is taxable or exempt)

Keep good records of business expenses

Maintain a separate checking account

Limit credit card use to one or two cards used exclusively for business

Start a business mileage log

Start complying with home office requirements, if you qualify for the home office deduction

Consider the need for additional insurance (See article in this website “Insurance for Home-Based Businesses”)

Get tax advice

- Understand how self-employment affects your tax return
- Be ready for estimated tax payments