

Starting Your Business Checklist



I. For All Colorado Businesses

- **Trade name Registration:** Select the name under which you want to do business, e.g., "Colorado Business Associates," "Southwest Ventures," "Tina's T-Shirts." If you are going to use only your own proper name, without any reference to a company identify you do not have to file a Trade Name Registration.

Note: Banks will require the Trade Name Registration to document your authority to open a business checking account.

- ☐ **Sole Proprietorship or General Partnership:** Register your trade name with the Department of Revenue. To find out if a name has already been registered, visit www.business-tax.state.co.us/
- ☐ **Corporate Registration:** File Articles of Incorporation with the Secretary of State. If doing business under an assumed name (other than the name which you incorporate), file a Trade Name Affidavit with the Secretary of State.
- ☐ **Limited Liability Company / Limited Partnership:** (including Limited Liability Partnership, Limited Liability Limited Partnership and Limited Partnership Association) File a Limited Partnership or Article of Organization for a Limited Liability Company with the Secretary of State's Office, visit www.sos.state.co.us/ or call (303) 894-2200.

- ❑ **Legal Structure:** See the chart on page 5 for general information. For more information about selecting a legal form of business organization, call the SBDC at (970) 247-7009, the Colorado Small Business Hotline at 1-800-333-7798, or the Internal Revenue Service. Web Site: <http://soba.fortlewis.edu/sbdc>
- ❑ **Business Licenses:** A business license is required to conduct business in many cities, including the cities of Cortez and Durango. Call the City of Durango at 385-2811 or the City of Cortez at 565-3402 for licensing requirements. If you are unsure whether a license is required, and you live within the corporate limits of a city or town, call the City Clerk or Town Clerk office. If you live outside the corporate limits of a city or town, you probably will not need a local business license. There are some exceptions, as in the case of business, which provide lodging, and you should be aware of which exceptions might apply to you. Other occupations require special licenses with the State of Colorado. For information about special occupation business licenses, contact the Small Business Hotline at 1-800-333-7798.
- ❑ **Sales Tax Licenses:** Authorizes you to collect sales tax in retail transactions and is essential for retail businesses.
- ❑ **The State of Colorado:** Tax rate is 3 percent. A \$50 deposit is required with each new sales tax license application, which can cost from \$4 to \$16. The deposit is returned to you after you have collected and paid to the State of Colorado at least \$50 in sales tax. There are also sales tax rates for most towns and some counties, and for lodging businesses.

II. Businesses with Employees

- Employers are required by federal and state laws to open and maintain a number of accounts for their employees. These accounts are where you deposit federal and state income tax withholding payments from payroll, and where you deposit your FICA matching and Medicare payments for employees. Contact the Colorado Small Business for specific forms and to request their Colorado Business Start Up Kit at <http://www.sba.gov/co/> or 1-888—333-7798.
- **Federal Employer Identification Number:** IRS Form SS-4 establishes your FEIN for deposit of Social Security, federal withholding and federal unemployment taxes at your bank.
- **State Employer Registration:** Form CR 100 is required for establishing withholding payment accounts for employee income tax withholding. The same form is forwarded by the Department of Revenue to the Colorado Department of Labor and Employment, which then establishes the state unemployment insurance accounts. This registration also establishes legitimacy to qualify for buying at wholesale process for resale and for additional discount programs available from businesses, which sell to business customers. For a copy of the CR 100 form visit <http://www.coworkforce.com/UIT/EmployersHandbook/Forms.htm>
- **Unemployment Insurance:** This fund, established by law, provides benefits to employees who lose their jobs through no fault of their own. The employer pays all federal and state unemployment insurance taxes. For more information, contact the Department of labor and Employment, Division of Employment and Training. For more information about the appeals procedure call the Unemployment Insurance Appeals Branch at (303) 318-9299 or 1-800-405-2338 (Toll Free).

- **Workers' Compensation Insurance:** A Workers' Comp account is required for employers and may be purchased through your private carrier or the Pinnacol Assurance: 7501 East Lawry Blvd., Denver, CO 80230 Phone: 303-361-4945 Fax: 303-361-5945
Web Site: www.pinnacol.com
- **Other Employee Forms:**
- ❑ Form W-4 tells the employer how many exemptions to consider when withholding federal income tax from payroll checks.
 - ❑ INS Form I-9 is the Immigration and Naturalization Services paperwork to ensure that employers do not hire illegal aliens.
 - ❑ Two Quarterly Payroll Reports must be filed: 1) Form 941 reports the amount of wages, federal income tax and Social Security tax applicable to your company's payroll; 2) Form 940 reports your federal unemployment tax liability (FUTA).
 - ❑ Form W-2 reports annual payroll information to the Social Security Administration, the Internal Revenue Service and to employees.
- **Contract Labor:** Form 1099 is required for each worker hired on an independent contract basis to which you paid over \$600 during the year. For help in classifying a worker as an employee or a contract worker, contact the Colorado Department of Labor and Employment or call the Small Business Hotline.

Employers must meet many guidelines and pay for Workers' Compensation and Unemployment Compensation insurance premiums and state and federal unemployment taxes. The costs can be high in some industries. Some business owners try to avoid paying the proper taxes; fees and premiums by call their employees "independent contractors." Someone who works for you on your schedule, on your premises, with your equipment, gets paid weekly or monthly, receives training and benefits, takes paid vacation and receives direction from you is an employee. Someone who accepts an assignment, a deadline for completion and a fee agreement, but completes the work on his/her own schedule and with his/her own equipment, is an independent contractor. The difference is the level of control the business owner/manager has over the worker. The penalties for improperly recognizing employees and for not paying the appropriate taxes are severe.

- **Wage and Hour Laws:** Nearly all manufacturers, wholesalers and contractors and many retail and service businesses are subject to Federal minimum wage, overtime and child labor requirements. The state of Colorado has established minimum wage requirements for retail stores, laundries, beauty parlors, motels, restaurants, and similar businesses. Information can be obtained from the Colorado Department of Labor and Employment.
- **Occupational Safety and Health Administration (OSHA):** The safety and health of employees is protected by federal regulations. Employers should contact OSHA for publications. Specify the type of business in order to receive the appropriate publications for your business.

III. Miscellaneous

- **Zoning:** Check with the city or county zoning department to determine if your business use is approved for your chosen location. If the location has always been a retail store or is in a shopping center, it is probably approved for retail and most service businesses. Industrial, manufacturing, auto repair, childcare, liquor sales, restaurants, and other types of business must meet certain requirements.
- **Major Remodeling:** Major remodeling projects, such as additions of space, alteration of entryways, moving walls, changing electrical conduit or plumbing, and complying with ADA (Americans with Disabilities Act) requirements require Planning Department and /or Building Department approval. Get help from those departments and coordinate your planning efforts with your remodeling or construction contractor.
- **Property Taxes:** Property taxes must be paid on business and real property. Check with your county property tax administrator for details.
- **Income Tax:** Income tax must be paid to the Internal Revenue Service. Call the Tax Information line at (303) 825-7041 or 1-800-829-1040. The IRS hold free workshops on a regular basis in Southwest Colorado – watch for announcements in the local newspapers. Also, the State of Colorado requires the payment of state business taxes through the filing or estimated taxes throughout the year. Contact the Colorado Department of Revenue for information.
- **Financing:** Banks are in the business of lending money to people and businesses that have a proven track record of ability to repay debts. Many small businesses do not have a track record because they have not been established long enough. Banks may lend to new businesses based on the good credit of the small business owner, the availability of personal and business assets as collateral and the existence of outside sources of repayment (such as income from regular employment of the owner or spouse). Some owners may qualify for Small Business Administration (SBA) loan guarantees, which are available through banks. Other programs for small business financing may be appropriate for you. Contact a Small Business Development Center (SBDC) counselor for further information.
- **Insurance:** Discuss your insurance need with an insurance provider. Ask about business liability, liquor liability, income loss protection, workers' compensation, asset coverage and other types of coverage, depending on your type of business.
- **Accounting and Legal:** Consult with an accountant and an attorney for their advice on special issues that may affect smooth operation of your business. An attorney can initially assist you in incorporation, lawsuit, contract and lease matters. Your accountant or bookkeeper can help you with reporting business income and expenses to the IRS and the Colorado Department of Revenue.



Forms of Organization

Dimension	C Corp	S Corp	LPA	LLC	General Partnership	Limited Partnership	Sole Proprietorship
Owners	No limit	35 owners	No limit	No limit	More than 1	More than 1	One
Start-up Cost	Higher	Higher	Almost as High	Almost as High	Less	Almost as High	None
Formalities	More	More	More	Medium	Less	Medium	None
Income Tax	Tax to entity	Pass through	Pass through	Pass through	Pass through	Pass through	Pass through
Social Security	Salary only	Salary only	Unclear	On manager's SE income	On SE income	On GP's SE income	Yes
Group Health Insurance	Yes	No for shareholders	Unclear	No for member/managers	No for partners	No for partners	Yes, if spouse is employee
Workers' Compensation	Can exclude officers	Can exclude officers	Unclear	Can exclude members	Working GP can elect	Working GP can elect	Can exclude
Unemployment Compensation	Owner/Employee has UC	Owner/Employee has UC	Unclear	No for member/managers	No for partners	No for partners	No for owners
Limited Liability	Yes	Yes	Yes	Yes	Yes if LLP	Yes if LLLP	No
Limited Life	No	No	No, UOA	Either	Yes	Yes, UOA	Yes
Universal Acceptance	Yes	Yes	No	Yes	Not as LLP	Not as LLLP	Yes

Key to abbreviations:

LPA – Limited Partnership Association
 LLC – Limited Liability Company
 LLP – Limited Liability Partnership
 LLLP – Limited Liability Limited partnership
 GP – General Partner
 SE – Self-Employment
 UC – Unemployment Compensation
 UOA – Unless Otherwise Agreed

Discuss your Form of Organization questions with your tax advisor and your attorney to determine tax impacts, liability issues, bookkeeping requirements and other concerns. Kits and books are available at bookstores, office supply stores, the Durango and Cortez Public Libraries, and the Fort Lewis College Library. Recognize that you can change your form of organization as your business grows and becomes more profitable.

CALENDAR OF FEDERAL TAXES FOR WHICH YOU MAY BE LIABLE

DATE	DESCRIPTION	SOLE PROPRIETOR FORMS	PARTNERSHIP LIMITED LIABILITY CO. FORMS	CORPORATION FORMS	S CORPORATION FORMS
Jan 15	Estimated Tax	1040ES			
Jan 15	Estimated Tax -- individual who is a partner/member		1040ES		
Jan 15	Estimated Tax -- individual S Corporation shareholder				1040ES
Jan 31	Social Security (FICA) tax, withholding of income tax (see IRS ruling for deposits - Pub. 334)	941, 941E, 942, 943	941, 941E, 942, 943	941, 941E, 942, 943	941, 941E, 942, 943
Jan 31	Providing information on social Security (FICA) tax, withholding of income tax	W2 to employee	W2 to employee	W2 to employee	W2 to employee
Jan 31	Federal Unemployment (FUTA) tax	940EZ or 940	940EZ or 940	940EZ or 940	940EZ or 940
Jan 31	Federal Unemployment (FUTA) tax -- only if liability for unpaid taxes exceeds \$100	8109 to make deposits	8109 to make deposits	8109 to make deposits	8109 to make deposits
Jan 31	Information returns to non-employees and transactions with other persons	1099 to recipients	1099 to recipients	1099 to recipients	1099 to recipients
Feb 28	Information returns to non-employees and transactions with other persons	1099 to IRS	1099 to IRS	1099 to IRS	1099 to IRS
Feb 28	Providing information on Social Security (FICA) tax, withholding of income tax	W2, W4 to Soc. Sec.	W2, W4 to Soc. Sec.	W2, W4 to Soc. Sec.	W2, W4 to Soc. Sec.
Mar 15	Income Tax			1120 or 1120A	1120S
Apr 15	Income Tax	Sch. C, Form 1040	Sch. C, Form 1040		
Apr 15	Income Tax -- individual S Corporation shareholder				Form 1040
Apr 15	Self-Employment Tax	Sch. SE, Form 1040			
Apr 15	Self-Employment Tax -- individual who is a partner/member		Sch. SE, Form 1040		
Apr 15	Estimated Tax	1040ES		1120W	
Apr 15	Estimated Tax -- individual who is a partner/member		1040ES		
Apr 15	Estimated Tax -- individual S Corporation shareholder				1040ES
Apr 15	Annual Return of Income		1065		
Apr 30	Social Security (FICA) tax, withholding of income tax (see IRS ruling for deposits - Pub. 334)	941, 941E, 942, 943	941, 941E, 942, 943	941, 941E, 942, 943	941, 941E, 942, 943
Apr 30	Federal Unemployment (FUTA) tax -- only if liability for unpaid taxes exceeds \$100	8109 to make deposits	8109 to make deposits	8109 to make deposits	8109 to make deposits
Jun 15	Estimated Tax	1040ES		1120W	
Jun 15	Estimated Tax -- individual who is a partner/member		1040ES		
Jun 15	Estimated Tax -- individual S Corporation shareholder				1040ES
Jul 31	Social Security (FICA) tax, withholding of income tax (see IRS ruling for deposits - Pub. 334)	941, 941E, 942, 943	941, 941E, 942, 943	941, 941E, 942, 943	941, 941E, 942, 943
Jul 31	Federal Unemployment (FUTA) tax -- only if liability for unpaid taxes exceeds \$100	8109 to make deposits	8109 to make deposits	8109 to make deposits	8109 to make deposits

Sep 15	Estimated Tax		1040ES		1120W	
Sep 15	Estimated Tax -- individual who is a partner/member			1040ES		
Sep 15	Estimated Tax -- individual S Corporation shareholder					1040ES
Oct 31	Social Security (FICA) tax, withholding of income tax (see IRS ruling for deposits - Pub. 334)		941, 941E, 942, 943	941, 941E, 942, 943	941, 941E, 942, 943	941, 941E, 942, 943
Oct 31	Federal Unemployment (FUTA) tax -- only if liability for unpaid taxes exceeds \$100		8109 to make deposits	8109 to make deposits	8109 to make deposits	8109 to make deposits
Dec 15	Estimated Tax				1120W	

If your Tax Year is not January 1 through December 31:

- ★ Sole Proprietor
 - ✓ Schedule C, Form 1040 is due the 15th day of the 4th month after the end of the tax year. Schedule SE is due the same day as Form 1040.
 - ✓ Estimated Tax Form 1040ES is due the 15th day of the 4th, 6th and 9th months of the tax year and the 15th day of the 1st month after the end of the tax year.
- ★ Partnership or Limited Liability Company
 - ✓ Income Tax is due the 15th day of the 4th month after the end of the tax year.
 - ✓ Self-Employment Tax is due the same day as income tax, Form 1040.
 - ✓ Estimated Tax, Form 1040ES, is due the 15th day of the 4th, 6th and 9th months of the tax year and the 15th day of the 1st month after the end of the tax year.
- ★ Corporation
 - ✓ Income tax, Form 1120 or 1120A, is due on the 15th day of the 3rd month after the end of the tax year.
 - ✓ Estimated Tax, Form 1120W, is due the 5th day of the 4th, 6th, 9th and 12th months of the tax year.
- ★ S Corporation
 - ✓ S Corporation Income Tax, form 1120S, and individual S Corporation shareholder Income Tax Form 1040, are due the 15th day of the 4th month after the end of the tax year.
 - ✓ Estimated Tax of individual shareholder, Form 1040ES, is due the 15th day of the 4th, 6th and 9th months of the tax year and the 15th day of the 1st month after the end of tax year.

Note: A Limited Liability Company is treated as a Partnership for tax purposes.

Source: *Keeping the Books* -- by Linda Pinson and Jerry Jinnett, Upstart Publishing

Sources of Business Information

Colorado Small Business Development Center

At Fort Lewis College
140 Education Business Hall
1000 Rim Drive • Durango, CO 81301
<http://soba.fortlewis.edu/sbdc>

(970) 247-7009
(970) 247-7205 fax

sbdc@fortlewis.edu

Region 9 Economic Development District

295A Girard Street • Durango, CO 81301
www.scan.org

(970) 247-9621
(970) 247-9513
region9edd@frontier.net

Montezuma County Economic Development Council

928 East Main • Cortez, CO 81321

(970) 565-8227

Durango Chamber of Commerce

111 South Camino Del Rio • Durango, CO 81301

(970) 247-0312

Cortez Chamber of Commerce

928 East Main • Cortez, CO 81321

(970) 565-3414

Pagosa Springs Area Chamber of Commerce

P.O. Box 787 • Pagosa Springs, CO 81147

(970) 264-2360

Colorado Small Business Assistance Center

1560 Broadway, Suite 1530 • Denver, CO 80202

(970) 339-6427

Always Buy Colorado (ABC)

999 18th Street • Denver, CO 80202

(303) 298-7812

Colorado Department of Revenue

1375 Sherman St. • Denver, CO 80261

<http://www.revenue.state.co.us/>

File CR 100 online at:

<https://secure.cdle.state.co.us/CR100/>

Colorado Secretary of State

1560 Broadway, Room 200 • Denver, CO 80202

www.sos.state.co.us/

(303) 894-2200

Department of Labor and Employment

Colorado Dept. Of Labor and Employment, Labor Standards

<http://www.coworkforce.com/LAB/>

(303) 318-8441
1-888-390-7936

US Department of Labor

Frances Perkins Building

200 Constitution Avenue, NW • Washington, DC 20210

<http://www.dol.gov/>

1-866-4-USA-DOL

Internal Revenue Services

600 17th St.

Denver, CO 80202

<http://www.irs.gov/>

(303) 446-1675

SBA/SCORE (Small Business Administration/Service Corps of Retired Executives)

409 3rd Street, S.W., 6th Floor • Washington, DC 20024

<http://www.score.org/>

1-800/634-0245