

LEARN MORE ABOUT FORMING YOUR BUSINESS

Business Organizations:

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.

For more information on forms of organizations contact:

Secretary of State
Corporations Division
2 S. Salisbury Street
Old Revenue Building Complex
Raleigh, NC 27601
(919)807-2225 or (888)246-7336
Web: www.sosnc.com

Business Licenses:

There are many types of licenses, both state and local as well as professional. Depending on what you do and where you plan to operate, your business may be required to have various state and/or municipal licenses, certificates or permits.

Licenses are typically administered by a variety of state and departments. Consult your state or local government for assistance.

Business ServiCenter

North Carolina Department of Commerce
Business & Industry Development Division
301 N. Wilmington Street
4344 Mail Service Center
Raleigh, NC 27699-4344
(919)715-2864 or (800)228-8443
www.nccommerce.com/servicenter

Building Codes, Permits and Zoning

It is important to consider zoning regulations when choosing a site for your business. You may not be permitted to conduct business out of your home or engage in industrial activity in a retail district. Contact the business license office in the city or town in which the business is located.

Employer Identification Number

An EIN, Form SS-4, also known as a federal tax identification number, is used to identify a business entity. Generally all businesses need an EIN. You may apply for an EIN in a variety of ways, including online, phone, and fax. Taxpayers can call a toll-free number, (800)829-4933 to get an EIN. Internal Revenue Service customer service representatives are available to answer calls Monday through Friday, from 7:30 a.m. to 5:30 p.m. customer's local time.

The instructions on the newly revised Form SS-4, Application for Employer ID Number, indicate which IRS Campus is assigned to their specific state. Detailed information and an electronic SS-4 can be found at the IRS Small Business/Self Employed Community Website at: <http://www.irs.gov/business/small/index.html>, click on New Business. Faxed applications are processed in four days. The IRS Campus' accepting faxed applications are:

Holtsville, NY	(631)447-8960
Cincinnati, OH	(859)669-5760
Philadelphia, PA	(215)516-3990

Federal Self-Employment Tax

Everyone must pay Social Security and Medicare coverage. If you are self-employed, your contributions are made through the self-employment tax. The IRS has publications, counselors and workshops available to help you sort it out. For more information contact the IRS at (800)829-1040.

Business Tax Information

If you plan to hire employees you are also required to obtain a Federal Employee Identification Number from the Internal Revenue Service (IRS). To obtain the registration form and reference documents, contact the IRS at (800)829-1040 or visit their website: <http://www.irs.gov/business/small/index.html> for complete information.

Sales Tax Exemption Certificate

If you plan to sell products, you will need a Sales Tax Exemption Certificate. It allows you to purchase inventory, or materials, which will become part of the product you sell, from suppliers without paying taxes. It requires you to charge sales tax to your customers which you are responsible for remitting to the state. You will have to pay penalties if it is found that you should have been taxing your products and now owe back taxes to the state. For information on Sales Tax issues contact:

North Carolina
Department of Revenue
501 N. Wilmington Street
Raleigh, NC 27604
(877)252-3052
www.dor.state.nc.us

Federal Withholding Tax

Any business employing a person other than the owner must register with the IRS and acquire an EIN and pay federal withholding tax at least quarterly. File Form SS-4 with IRS to obtain number and required tax forms. Call (800)829-3676 or (800)829-1040 if you have questions.

Federal Insurance Contribution Act (FICA)

Any business owner who employs one person other than him or herself must pay the current rate of 6.20 percent on each employee's gross wages, up to \$87,900 for Social Security Benefits and 1.45 percent for Medicare from each wage paid through 2004. The employee contributes from wages through payroll withholding, 6.20 percent for Social Security Benefits and 1.45 percent for Medicare on all wages paid for 2005. (Consult forms 1040 ES or Publication 15, Circular E.) Call (800)829-3676 if you have questions.

Both of these withholdings (federal withholding tax and FICA tax) require the preparation of a W-2 Form for each employee. The W-2 Form is due once a year and must be prepared, mailed and received by the employee before January 31 of the following year.

Federal Unemployment Tax Act (FUTA)

For 2007 the FUTA tax is .8 percent of wages paid during the year. The tax applies to the first \$7,000 you pay each employee as wages during the calendar year. The employer is responsible for paying FUTA tax. It must not be deducted from employee's wages. Form 940 must be prepared and paid by January 31 of the following year. Refer to Circular "E" Employer's Tax Guide, Publication 15 from Internal Revenue Service. Call (800)829-3676 for information.

Copyrights, Trademarks & Patents

Trademarks are names or symbols used in any commerce that is subject to regulation by state government or the U.S. Congress. To register a trademark, contact:

Patent & Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450
(800)786-9199
<http://www.uspto.gov>
Trademark Information Hotline
(703)308-9000

State Registration of a Trademark

Trademarks and service marks may be registered in a state for a term of 10 years. For filing fees or more information about applications for registration of trademark or service mark contact the:

Trademark Division
Department of the Secretary of State
P.O. Box 29622
Raleigh, NC 27626-0622
(919)807-2000 * **(919)807-2115 Fax**

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.

Copyrights

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. For general information contact:

U.S. Copyright Office
101 Independence Avenue S.E.
Washington, DC 20559
(202)707-3000 – Information Line
www.copyright.gov

Patents

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

U.S. Patent and Trademark Office
(800)786-9199
<http://www.uspto.gov>

For information on business financing and financing options, interest rates and fees contact the Small Business Administration website: www.sba.gov

Source of the “Learning More About Forming Your Business” above: North Carolina SBA Small Business Resource Guide.

If you have any questions about additional questions about forming your business, please feel free e-mail the Business Solutions Ministry’s Electronic File Administrator, **Al Jones**, at aljones14@msn.com.