WALLETKEEPING'S

Guide To Starting A Small Business

Hey, I'm Sara!

Whether you've been thinking about becoming an entrepreneur for years or you've just taken the leap and started your first business, this guide is designed to set your new business up with a solid foundation.

From choosing your entity type, registering with the state, and protecting yourself from risk, we're covering it ALL!

Keep reading for a step-by-step walkthrough on how I recommend setting up your new entrepreneurial journey for long-term success. Need a TL;DR? Check out the 1-page summary checklist at the end to jumpstart your business!

This guide is for informational purposes only and isn't intended to be legal, tax, or financial advice. Depending on your state, industry, and structure, you may not need every step listed here, or your new business may require additional steps that aren't included. Consult with a qualified professional who is familiar with your situation.

Ready to set your business up for success?

It all starts with choosing an entity structure that works for your short- and long-term goals.

Some options to choose from are:

- Sole Proprietorship
- LLC
- Partnership
- S Corporation (*a tax status*)
- C Corporation

Your entity choice affects things like how your business is taxed, how you can pay yourself, your liability protection, and how you can raise capital.

I recommend consulting with a tax accountant before committing to a choice!

More paperwork is needed to make things official!

If you're organized as an LLC, partnership, corporation, or non-profit, you probably need to register with your Secretary of State!

Searching "Texas business registration" should get you to the right place. Be prepared to pay filing fees and set up a registered agent!

PRO TIP: Many states have required annual (or more frequent) filings to stay in compliance. Sign up for email reminders through your state's registration website to make sure you don't miss these deadlines and end up with costly penalties.

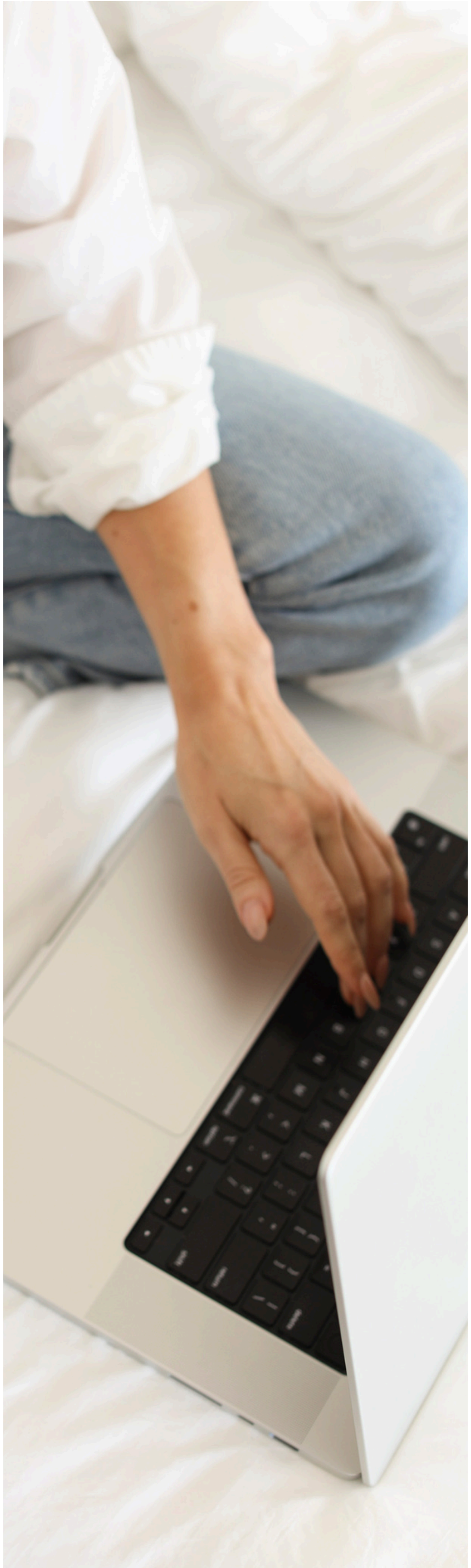
Keep business & personal finances separate

Ideally, you'll open up a new business bank account before you ever make a sale. A separate bank account used solely for your business is the best practice from a financial and legal perspective.

Every bank will vary in what they require, but generally, you'll need:

- A photo ID
- Your SSN or EIN
- Business formation documents (and operating agreement, if applicable)
- Ownership information
- Business license(s)

Consider features like low (or no) monthly fees, deposit options, and customer service before choosing a bank!



I've got a bank, now what about bookkeeping?

I see so many business owners who don't worry about their bookkeeping system until they make their first fifty sales... and that's when they start looking for a bookkeeper to clean things up!

A good bookkeeping system has:

- A chart of accounts (to categorize your income and expenses)
- Receipt management (to document purchases)
- A way to regularly reconcile your books to your bank statements
- The ability to generate your financial reports (like a P&L and balance sheet)

Check out top bookkeeping software like QuickBooks or Xero!

TIME TO HIRE A TAX ACCOUNTANT

You already knew this one was coming next!

Once you have your bookkeeping system, one of the best investments you can make for your new business is hiring a qualified tax accountant with experience in your industry.

A great CPA, EA, or tax preparer can do SO much more than just file your taxes, they can also help you:

- Choose an entity structure
- Stay compliant with state tax, sales tax, and payroll tax
- Navigate IRS audits or notices
- Build your business’s custom tax planning strategy

BONUS TIP: Professional service fees (like your accountant and bookkeeper) are a write-off!

Now, it's time to protect your brand new biz!

If you have clients, products, a physical space, employees, or even just provide advice that someone could claim hurt them financially, your business involves risk!

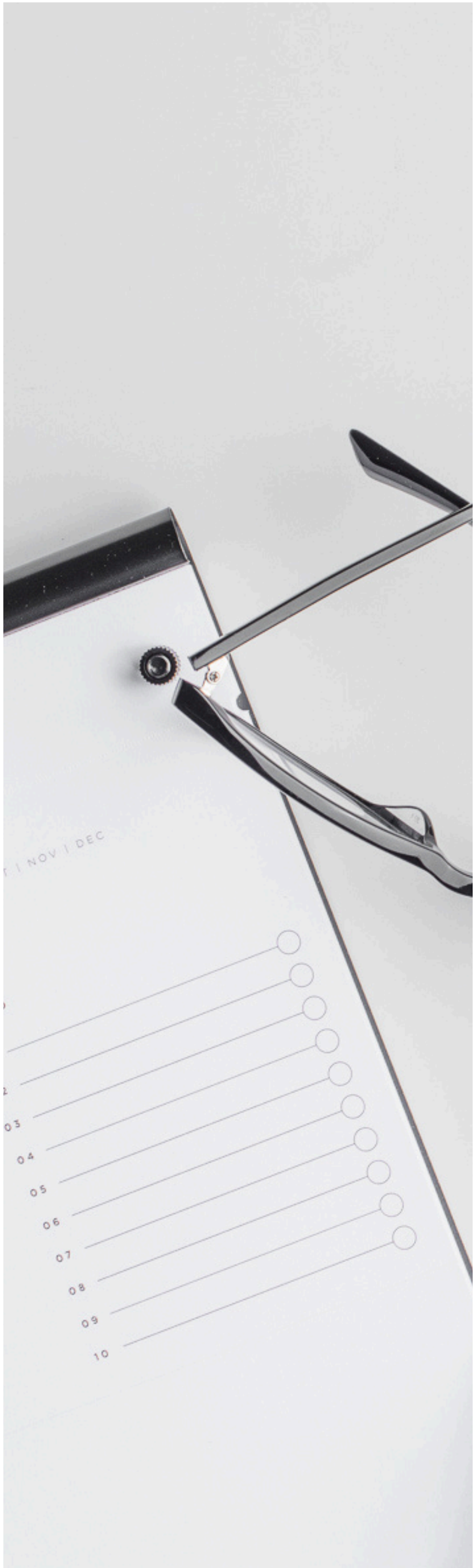
Business insurance can help protect you financially from lawsuits, accidents, and potentially even unhappy clients.

Common types of business insurance are:

- General Liability Insurance
- Professional Liability Insurance
- Commercial Property Insurance
- Worker's Compensation
- Product Liability Insurance

Work with a professional to ensure you have appropriate coverage!

SET UP PAYROLL OR HIRE CONTRACTORS



Who’s going to be working in your new biz?

One of the biggest mistakes new business owners can make when it comes to new team members is incorrectly classifying an employee as a contractor!

What’s the big deal? For an employee, you have to run payroll, withhold taxes, follow labor laws, and state compliance rules.

If you’re working with contractors (aka NOT an employee), you’ll need to get a Form W-9 from them to ensure you can file an accurate 1099 in January to report what you paid them to the IRS.

If you’re going to need payroll, check out systems like ADP or Gusto, or consider outsourcing payroll if you’re overwhelmed!

New Business Startup Checklist

- [ ] Choose a business name (check availability, secure your domain and social media handles, consider trademarking)
- [ ] Decide how to organize your business (sole proprietor, LLC, partnership, C corporation, etc.)
- [ ] Register your business with the Secretary of State (if applicable)
- [ ] Apply for any required business licenses/permits
- [ ] Open a business bank account and set up a bookkeeping system (before your first sale!)
- [ ] Determine what type(s) of insurance you need and what level coverage is necessary
- [ ] Hire qualfified financial professionals, like a bookkeeper and tax accountant
- [ ] Mark your calendar with upcoming tax deadlines (don’t forget estimated tax payments!)
- [ ] Set up standard operating procedures for hiring new employees or contractors (don’t forget to get W-9s from all contractors)

Let’s Connect!

I’m passionate about helping small business owners make sense of their finances, bringing a level of organization and attention that makes all the difference. I’m here to ensure everything is in order, so you can focus on what you do best.

BOOK A CALL WITH ME

832-281-2369

contact@walletkeeping.com

walletkeeping.com

ACCREDITED BUSINESS