

## MICHIGAN BUSINESS START-UP CHECKLIST

**Have you determined the type of business structure your organization will assume?**

In choosing a legal structure for your business, a number of considerations may affect your decision. It is highly recommended that you consult an attorney and/or tax professional for legal, tax, and/or financial advice in choosing a business structure. Examples of some common business structures include: sole proprietorship, general partnership, limited partnership, "C" corporation, subchapter "S" corporation, professional service corporation (PC), limited liability company (llc), nonprofit corporations (NPCs). For further information regarding these business structures please "ways to legally structure a business and registering a business name" in the Michigan Small Business guide. Information is provided for informational purposes only and legal advice is not being provided.

**Have you followed the appropriate procedures to register your business name?**

There is no central agency where all businesses must register. Depending on the legal structure chosen, the business entity may be required to file with the local county clerk's office (see Appendix A) or the State of Michigan, Department of Energy, Labor & Economic Growth, Bureau of Commercial Services, Corporation Division. In addition to checking with both agencies to determine if the name is available, it is also advisable to check state and federal trademark registrations and registered Internet domain names. To check on name availability for sole proprietorships and partnerships, contact the county clerk's office. To check name availability for corporations, limited liability companies or limited partnerships, contact the Department of Energy, Labor & Economic Growth, Bureau of Commercial Services, Corporation Division, at 517.241.6470 or online at [www.michigan.gov/corporations](http://www.michigan.gov/corporations).

An individual doing business as a sole proprietorship using a name other than his or her own name must file with the county clerk the name under which the person will do business, commonly referred to as a DBA, "doing business as". A general partnership must file a certificate of co-partnership with the county clerk. Contact the local county clerk's office to check the availability of sole proprietorship and partnership names and to obtain required forms. **To register a business (d/b/a) in St. Clair County – contact the St. Clair County Clerk at (810) 985-2200.**

To create a corporation, limited partnership or limited liability company, contact the Department of Energy, Labor & Economic Growth, Bureau of Commercial Services, Corporation Division. To check name availability, you may call customer service at 517.241.6470 or fax your request to 517.241.0538. For information about filing requirements, please call 517.241.6470 or visit the Corporation Division website. Forms may also be obtained from the Corporation Division website under Forms and Publications at [www.michigan.gov/corporations](http://www.michigan.gov/corporations).

To request that forms be mailed to you, call 517.241.6470, fax your request to 517.241.0538, or mail your request to Post Office Box 30054, Lansing, Michigan 48909-7554.

For information about how a corporation receives Subchapter S status, contact the Internal Revenue Service (IRS) at 800.829.4933 or online at [www.irs.gov](http://www.irs.gov) for specific forms and information.

**Have you determined if the business or profession is subject to any special licensing or permit requirements?**

Michigan does not have a general business license. Some occupations, professions and business activities require certification or licensing. You may access the licensing and certification information on-line at [www.michigan.org/medc/services/license/](http://www.michigan.org/medc/services/license/). State permit information can be found at [www.michigan.gov/mitaps](http://www.michigan.gov/mitaps) (Michigan Timely Application and Permit Service). Check with the county, city, or township clerk to determine if any local licenses, permits, or registrations are required. Permits and licenses vary among local units of government.

**Have you registered for a federal Employer Identification Number (EIN)?**

Generally, an EIN is required by the IRS if: 1. The business will have employees; and/or 2. - The business operates as a corporation or partnership.

If operating the business as a sole proprietorship and you answered no to the above questions, there is no need for an EIN number at this time. Taxes are reported by using your Social Security number. You may apply for an EIN either by faxing your SS-4 (Application for Federal Employer Identification Number - EIN) to 859.669.5760 or by calling 800.829.4933. For more information, visit the IRS online at [www.irs.gov](http://www.irs.gov).

**Have you registered with the IRS for payment of federal taxes?**

All businesses are required to pay taxes to the federal government. The legal structure, whether there are employees or one is self-employed, and the type of business determines which taxes are paid and when they are due. Seeking the advice of an accountant or tax attorney at this point is invaluable. Most businesses are required to make regular payments of estimated tax throughout the year. For more information, visit the IRS online at [www.irs.gov](http://www.irs.gov). If you have questions about determining your federal tax liability or your payment schedule, contact the IRS at 800.829.4933.

**Have you registered with the Michigan Department of Treasury for payment of state taxes?**

Businesses operating or conducting business in Michigan may be required to pay Michigan taxes. To determine your liability and to register for Michigan taxes, a Registration for Michigan Taxes Form 518 is required to be completed and returned to the Michigan Department of Treasury. You may obtain Form 518 and instructions for filing online at [www.michigan.gov/taxes](http://www.michigan.gov/taxes). Be aware that individuals with income from sources other than wages may be required to make estimated tax payments on a quarterly basis to the Michigan Department of Treasury as well as federal tax authorities. Contact the Michigan Department of Treasury at 800.367.6263 or 517.636.4660 or access the forms and information online at [www.michigan.gov/taxes](http://www.michigan.gov/taxes).

**Will the business hire employees?**

If employees are hired, there are responsibilities at both the state and federal government levels. If the business is a corporation, anyone who performs services for the corporation or receives compensation-including an "owner"-is considered an employee. There are many tax, insurance and regulatory requirements that are the responsibility of the employer. Refer to the "Hiring Employees" section of the Small Business Guide to learn more about an employer's obligations.

**Have all environmental regulations been checked to ensure that the business will meet all air, water, and solid waste standards?**

To ensure that the business meets all of the environmental regulations that apply to a specific type of business, contact the Michigan Department of Environmental Quality at 800.662.9278 or access the environmental permit online at [www.michigan.gov/deq](http://www.michigan.gov/deq).

**Are you purchasing an existing business? Be aware of hidden liabilities.**

As the purchaser of even a portion of a business, you may be responsible for the previous owner's liabilities, regardless of any contractual language to the contrary. As the purchaser of the business, make sure that the seller of the business provides proof that there are no hidden liabilities. The seller of the business should contact the Michigan Department of Treasury at 517.636.5260 to obtain Form 514 to request a Conditional Tax Clearance Request letter, or you may access the information online at [www.michigan.gov/taxes](http://www.michigan.gov/taxes). As the purchaser of a business, it is wise to obtain a copy of this Conditional Tax Clearance Request letter from the seller prior to the closing date or signing any purchase agreements.

Also, contact the Unemployment Insurance Agency (UIA) at 800.638.3994 or online at [www.michigan.gov/uiia](http://www.michigan.gov/uiia) to obtain information on successor liability. Furthermore, the seller is required

to provide the purchaser with WA Form 1027, Business Transferor's Notice to Transferee of Unemployment Tax Liability and Rate. This form will advise the purchaser of the unemployment tax rate, outstanding liabilities, and other details about jobless benefit payments and taxes.

**Has careful consideration been given to the business location and is the operation consistent with current zoning and building codes?**

Make sure the location that has been chosen is zoned appropriately for your type of business and that all state and local building codes and barrier free design rules are met. A Certificate of Occupancy is also required from the local government. Contact the local government authorities, including the building department, for pertinent information. Some inspections and alterations may be required to meet state and/or city codes. When operating a business out of your home, check with the county, city, or township clerk's office about a zoning variance.

**Have arrangements been made for utility service?**

Check with the utility companies to ensure prompt delivery of service and to obtain the cost of service extensions, the amount of any required deposits, and written price and supply agreements.

**Is the business adequately insured?**

Contact an insurance agent to determine the types of insurance the business should purchase. Shop around. Insurance rates and types of coverage vary greatly among insurance carriers. Workers' compensation insurance is required if the employer regularly employs three or more workers, or if at least one worker is employed for 35 hours or more per week for 13 weeks or longer.

**For additional information or questions about starting a business please feel free to contact Rene Stephan, Small Business Counselor at (810) 982-9511 or [rstephan@edascc.com](mailto:rstephan@edascc.com).**

**A wide variety of resources for existing and new small business ventures can be found at: <http://www.gvsu.edu/misbt/dc/index.cfm>**



