



Planning Your Business Start-Up: A Checklist

Assure the success of your new business by doing some simple planning before you start. The checklist below covers many of the main points you will need to cover.

1. Determine the Feasibility of Your Business Idea

Customer discovery is essential to your business success. Have you talked with potential customers to find out if there is a market for your product/service? Will they change what they do now and pay you instead? Do you know what the projected startup costs are for your business? Are your costs in line with industry standards? What are your personal income requirements? Do you have the supply, help, and capital needed to reach profitability?

2. Prepare a Business Plan

Your SBDC advisor can provide a business plan template and will be a sounding board for the development of your plan.

3. Assemble a Management Team

Your BAIL Team - Banker, Accountant/Bookkeeper, Insurance Agent, Legal Advisor – plus your SBDC Advisor will be helpful and instrumental to your success. Use their experience and resources to build a strong foundation.

4. Research Financing Options

Obtaining a bank loan is often difficult for a new startup. Your SBDC advisor can provide information on other sources of financing you may not have considered.

5. Research Locations

Be sure you are able to finance and move ahead with the business before signing a lease or purchase agreement. It is always a good idea to have someone with experience in leases and purchase agreements review your documents prior to signing. Verify zoning requirements and understand any restrictions on operation or required permits. Home-based businesses also may require permits and zoning. Contact your **local Zoning Office and/or Office of Community Development** to learn about your local requirements.

6. Choose a Business Name

Investigate names in use in the geographic area and industry niche you will be serving. Pay attention to similar-sounding names in your area. Research what the name means in other languages. Check the availability of the name at the **Virginia State Corporation Commission**: <https://cis.scc.virginia.gov/Account/NameCheckAvailability>

7. Choose Your Legal Structure

The best legal entity varies for each owner and each business. It is wise to consult with an attorney, an accountant, and/or a business advisor. Consider the type of business, your business and personal goals, if you will have employees, and your personal finances when making this decision. All business entities registered with the **State Corporation Commission**: <https://www.scc.virginia.gov/pages/New-Business-Resources>

8. Beneficial Ownership Reporting Requirement

Most LLCs and Corporations will need to report beneficial ownership information. A reporting company registered before January 1, 2024, will have until January 1, 2025, to file an initial BOI report. Reporting companies registered in 2024 will have 90 days from filing to register and reporting companies registered in 2025 will have 30 days from filing to register to file. Find more information at <https://www.fincen.gov/boi>.

9. Obtain a Federal Employer Identification Number (EIN)

The EIN identifies your business's tax accounts on all federal and state tax forms. All employers, corporations, partnerships, and LLCs are required to obtain an EIN. A sole proprietor without employees does not need one, but can still acquire one. Your EIN is provided FREE from the **Internal Revenue Service**: <https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>

10. Determine State Tax Requirements; Register with the Virginia Dept. of Taxation

Every company transacting business in Virginia must register with the **Virginia Department of Taxation** (<https://www.tax.virginia.gov/>) for all taxes that may apply to the operations. **Form R-1**, the **Combined Registration Application Form** allows registration for all of the taxes listed below. No application fee is required. You will be assigned a Virginia Tax Identification Number, also called your Certificate Registration Number, to be included on all correspondence with the Department.

Sales and Use Tax: If you indicate on your R-1 Application that you will be collecting sales tax or remitting use tax, the Department will send you a Virginia Certificate of Registration for Sales Tax. This is your permit to collect sales tax and to issue and receive exemption certificates. The Virginia Certificate of Registration must be displayed at your place of business. The Department will also send **ST-9** forms (used to report sales & use tax liabilities and to submit the taxes).

Employee Withholding: If federal law requires an employer to withhold taxes from any employee's pay, the Virginia Department of Taxation will also require Virginia withholding. You will register as a Virginia employer on Form R-1 and the Department will send you the correct forms to use. Reporting and payment is done on-line at <https://www.tax.virginia.gov/register-business-virginia>

Other taxes: Corporate Income, various agricultural, and other taxes are also covered on the R-1 form.

Certificate of Exemption: If you will be purchasing goods for resale, you will need to provide a Sales and Use Certificate of Exemption to the seller. This certificate affirms that you do not have to pay sales tax as you will be re-selling the goods and will collect sales tax at the time of the sale. Obtain **Form ST-10** at:

<https://www.tax.virginia.gov/sites/default/files/taxforms/exemption-certificates/any/st-10-any.pdf>

11. Register with the Virginia Employment Commission (as applicable-see below)

Employers are liable for unemployment taxes in Virginia if you have had one employee in each of 20 weeks or more during a calendar year or have had a quarterly payroll of \$1,500 or more. If you are subject to any Federal Unemployment, you are also liable in Virginia. Full details are available at the **VEC website or your local VEC field office.**

Virginia Employment Commission: <https://www.vec.virginia.gov/>

12. File a Certificate of Assumed or Fictitious Name

Any business using a name which does not identify the owner of the business must register a trade name with the **Clerk of the Circuit Court** in each county/city where business is conducted. Registering this name does not prevent it from being used by any other business. It is done to assist the public by providing information about the true owner of a company. If the entity is a limited partnership, a limited liability company, or a corporation, a certified copy of the form must be filed with the State Corporation Commission.

13. Apply for Local Business Licenses; Inquire about Local Taxes or Permits

A Business License may be required in some cities or counties where you operate. Businesses located in the Town of Culpeper must obtain a license; the County of Culpeper does not require a business license. Contact your local **Commissioner of the Revenue or Town Administrator** to satisfy local license requirements and to inquire about any other local taxes such as local sales, meals or hospitality taxes or vendor fees.

14. Obtain Insurance Needed

Discuss property, liability, and other insurance needs with a qualified insurance professional to manage your risk and protection. Virginia law requires every employer who regularly employs three or more full-time or part-time employees to purchase and maintain workers' compensation insurance. Employers with fewer than three employees may voluntarily come under the Act. See the **VWC website** for details:

<https://workcomp.virginia.gov/>

15. Consider Professional or Occupational Licenses specific to your industry or trade

Check the Virginia Department of Professional and Occupational Regulation website to see if your occupation requires registration or a license:

<https://www.dpor.virginia.gov/node/6>

16. Open a Business Checking Account

It is important to keep your business accounts separate from your personal finances. An integral part of that is a separate business checking account and/or credit card so that all business records are clear and documented and not at risk of being mixed with personal expenditures. Consult a local banker for the best options for a business account, paying close attention to minimum balance requirements and fees.

17. Other Considerations

Employment & Hiring Practices – Report newly hired and re-hired employees to the Virginia New Hire Reporting Center: <https://va-newhire.com/>. Complete Employment Eligibility Verification Forms (Form I-9) for all employees. <https://www.uscis.gov/i-9>.

Employment Taxes – for Virginia Employment Tax information, visit <https://www.tax.virginia.gov/sites/default/files/vatax-pdf/employer-withholding-instructions.pdf>; for Federal visit <https://www.irs.gov/pub/irs-pdf/p15t.pdf>.

City/County Registration - check with the City and County you are located in for new business registration requirements.

Please note: This checklist is by no means all-inclusive. Each business may have unique registration or reporting requirements depending on the industry, type of business entity, location, employment issues, and other. Do your homework by reading and studying the Web sites and booklets prepared for your use by your federal, state, and local government offices. Consult your business accountant, attorney, or SBDC advisor if in doubt.

Your Central Virginia SBDC Business Advisor can help you with this process, and any other business, financial, or market research questions related to your startup. Set up a meeting with us: <https://cvsbdc.org/lets-meet/>.

