

Name _____
Business Name _____
Date _____

State of Washington – Business Start-Up Checklist

I. What kind of Business?

You can operate your business under any one of several organizational structures. Each type of structure has certain advantages and disadvantages that should be considered. You should contact an attorney, accountant, financial advisor, banker, or other business or legal advisor to determine which form is most suitable for you.

A **Sole Proprietorship** is one individual or married couple in business alone. Sole proprietorships are the most common form of business structure. This type of business is simple to form and operate, and may enjoy greater flexibility of management and fewer legal controls. However, the business owner is personally liable for all debts incurred by the business.

A **General Partnership** is composed of two or more persons (usually not a married couple) who agree to contribute money, labor, and/or skill to a business. Each partner shares the profits, losses, and management of the business, and each partner is personally and equally liable for debts of the partnership. Formal terms of the partnership are usually contained in a written partnership agreement.

A **Limited Partnership** is composed of one or more general partners and one or more limited partners. The general partners manage the business and share full in its profits and losses. Limited partners share in the profits of the business, but their losses are limited to the extent of their investment. Limited partners are usually not involved in the day-to-day operations of the business.

A **Limited Liability Partnership (LLP)** is similar to a General Partnership except that normally a partner does not have personal liability for the negligence of another partner. This business structure is used most commonly by professionals such as accountants and lawyers.

A **Corporation** is a more complex business structure. As a chartered legal entity, a corporation has certain rights, privileges, and liabilities beyond those of an individual. Doing business as a corporation may yield tax or financial benefits, but these can be offset by other considerations, such as increased licensing fees or decreased personal control. Corporations may be formed for profit or nonprofit purposes.

The **Limited Liability Company (LLC)** and the LLP are the newest forms of business structure in Washington. An LLC or LLP is formed by one or more individuals or entities through a special written agreement. The agreement details the organization of the LLC or LLP, including: provisions for management, assignability of interests, and distribution of profits or losses. Limited liability companies and limited liability partnerships are permitted to engage in any lawful, for profit business or activity other than banking or insurance.

II. Choose a name for your Business:

Choose your business name carefully. It is an important part of marketing your goods and services.

If you use a business name that is too much like the name or trademark of another business, you can be sued. Here is a list of resources to help you search for a good business name and to avoid names already being used.

- Search the Secretary of State database for names of corporations, limited liability companies, limited partnerships and limited liability partnerships that have already been registered.
- Search the Department of Revenue database for names of businesses that have already been registered.
- Search for trademarks already registered with the US Patent and Trademark Office
- Search for trade names already registered with the Department of Licensing
- You may also contact the Corporations Division at the Office of the Secretary of State to look up trademarks registered in Washington State.

III. Register your Business:

File the Master Business Application to register your business with the State of Washington. You will receive a state business license and UBI number.

Note: If you filed formation papers with the Office of the Secretary of State, write the Unified Business Identifier (UBI) number that was given to you on all of your business licensing applications.

Check for any required permits (you can go online for permit assistance, or visit the Environmental Permit Handbook) or required application forms required from appropriate regulatory agencies (for assistance contact the Environmental Permit Service Center)

A. If your business structure is one of the following, you need to file formation papers with the Office of the Secretary of State:

- Corporation
- Limited Partnership
- Limited Liability Company (LLC)
- Limited Liability Partnership (LLP)

Then file for business licenses and permits (see below)

B. If your business structure is a *Sole Proprietorship* or *General Partnership*, apply for additional state specialty and professional licenses using the list of licenses (below).



IV. Licenses & Permits:

Contact each city and county where you plan to conduct business to get licenses and permits as required.

Identify required federal, state and local environmental permits, licenses, certificates, and other approvals.

- **CITY AND COUNTY INFORMATION**

Please be advised that you should contact ANY county or incorporated city in which you perform your work to determine if additional licenses are needed.



Vancouver (Clark County) WA
License Department
1313 Main Street
PO Box 8995
Vancouver, WA 98668 USA
Phone: (360) 696-8145
Fax: (360) 696-8584
<http://www.ci.vancouver.wa.us/>



Clark County, Washington **
Planning Division
1408 Franklin St
Vancouver, WA 98666 USA
Phone: (360) 397-2375
Fax: (360) 397-2011
<http://www.co.clark.wa.us/>

Please remember:

- * Verify with the city or county that the location of the business is zoned for that activity.
- * Obtain a building permit for any construction or modification to a building.
- * Check local codes before making or ordering a sign for your business because cities often restrict location, size, etc.

If you have questions about these requirements, please contact the City or County Planning and Building Department.

THE CITY OF VANCOUVER requires all businesses located within the city limits, or who conduct business within the city limits, to be licensed with the city. Certain restrictions may be imposed by the city if your business is conducted in your home. Approval of license may go through city police, planning, fire and building departments. Please contact the City of Vancouver directly to obtain more information.

MUNICIPAL BUSINESS TAXES: Washington cities tax private businesses, municipal, and private utility companies within their boundaries. Contact each city in which business will be conducted.

**PROPERTY AND PERSONAL PROPERTY TAX: You must report your business property, furniture, equipment, supplies, etc., to the assessor of the county in which your business is located.

A. **MASTER LICENSE SERVICE**

UNIFIED BUSINESS IDENTIFIER (UBI) NUMBER: A UBI number is a nine-digit number that registers you with several state agencies and allows you to do business in Washington State. A UBI number is sometimes called a tax registration number, a business registration number, and a business license number.

Use the Master Business Application to apply for the UBI number.
This should have been taken care of in III above.

B. **SALES TAX INFORMATION**

See IV. Sales and Use Taxes (below)

If your business provides a service to customers, you may be required to collect sales tax for that service. Contact the Washington State Department of Revenue for further information regarding sales tax at 1-800-647-7706 or visit their website at <http://www.dor.wa.gov/>

C. **FEDERAL INFORMATION**

You must contact the following agencies directly to obtain their licensing information.

NAME USAGE:

To avoid possible infringement on a reserved name, do a thorough search on all business names you will use.

In Washington State, visit the Business and Professional License Search website at: www.dol.wa.gov/business/checkstatus.html and call the Trademark Division of the Secretary of State at (360) 725-0377. Also contact the U.S. Patent & Trademark Office at 1-800-786-9199 (<http://www.uspto.gov/>).

FEDERAL FORMS:

Call the Internal Revenue Service at 1-800-829-3676 to order the Publication 583 - Starting a Business and Keeping Records. Federal taxes may be paid by electronic transfer. In some cases, payment through electronic transfer is mandatory. Enrollment forms are available by calling either 1-800-555-4477 or 1-800-945-8400. You may also file some of your federal tax returns electronically. Contact the IRS at 1-800-829-1040 to obtain information on electronic filing.

U.S. COPYRIGHT LAWS:

If you use or intend to use live or recorded music at your place of business, be aware that all music used in this way is protected by U.S. copyright laws. For information contact the American Society of Composers, Authors & Publishers (ASCAP) at 1-800-505-4052, or Broadcast Music Incorporated (BMI) at 1-800-925-8451, or Sesac Incorporated at 1-800-826-9996.

V. **If you've submitted a Master Business Application to register your business, you'll receive packets with more information from some or all of the following state agencies:**

- Employment Security Department
- Department of Labor & Industries
- Department of Licensing
- Department of Revenue
- Office of the Secretary of State



VI. Taxes and Rates

Sales and Use Taxes:

Businesses making retail sales in Washington collect **sales tax** from their customer.

- Generally, a retail sale is the sale of tangible personal property. It is also the sale of services such as installation, repair, cleaning, altering, improving, construction, and decorating. Other services include improving real or personal property, amusement and recreational activities, lawn maintenance, and physical fitness activities.
- Retail sales tax includes the state and local components of the tax.
- Sales tax amounts collected are considered trust funds and must be remitted to the Department of Revenue.
- The seller is liable to the Department of Revenue for sales tax, whether or not it is collected.
- Use tax is paid by the consumer when the retail sales tax was not collected by the seller/service provider.
- Businesses that make a purchase for resale must provide a resale certificate to the seller. If not, the seller must charge the buyer retail sales tax on the total purchase.
- Businesses also pay the retail sales tax on purchases of items for their own use (such as supplies or equipment) that will not be resold in the regular course of business.

Use tax is a tax on the use of goods or certain services in Washington when sales tax has not been paid. Goods used in this state are subject to either sales or use tax, but not both. Thus, the use tax compensates when sales tax has not been paid.

Use tax is due if:

- Goods are purchased in another state that does not have a sales tax or a state with a sales tax lower than Washington's. For example, items you purchase in Oregon that are used in Washington are subject to use tax.
- Goods are purchased from someone who is not authorized to collect sales tax. For example, purchases of furniture from an individual through a newspaper classified ad or a purchase of artwork from an individual collector.
- Goods are purchased out of state by subscription, through the Internet, or from a mail order catalog company. Many of these companies collect Washington's sales tax, but if the company from which you order does not, you owe the use tax.
- Personal property is acquired with the purchase of real property.

Use tax is determined on the value of the goods when first used in Washington. Generally, this is the purchase price. However, a depreciated value may be determined if the goods are used outside the state for a lengthy time before use in Washington by the same person. As of June 1, 2002, use tax is also due on any freight, delivery, or shipping charges paid to the seller.

The state tax rate is .065. Local rates vary depending on your location. To determine the correct rate for your area, check out WA DOR [Tax Rate Lookup Tool](http://dor.wa.gov/content/findtaxesandrates/salesandusetaxrates/lookupataxrate/) at <http://dor.wa.gov/content/findtaxesandrates/salesandusetaxrates/lookupataxrate/>

Use tax, unlike sales tax, is due at the rate where you first use the article, not where the sale takes place.

Effective July 1, 2008, sales tax collection is based on the location where the customer receives the merchandise or service. For retailers that ship or deliver their products this is a change in how sales tax is determined. For answers to specific questions about sales tax collection call the DOR Telephone Information Center at (800) 647-7706.

Other Taxes

The Department of Revenue administers numerous excise taxes in addition to the business and occupation, retail sales and use taxes. These include property taxes, public utility taxes, hazardous substance taxes, transit authority taxes, and many others. Visit the DOR website at <http://dor.wa.gov/content/FindTaxesAndRates/OtherTaxes/> to learn more about these taxes and whether or not they apply to you.