

## **Business Entities**

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There are mainly four forms of business that can be used to organize your music business affairs. These are (1) sole proprietorship (a single self-employed individual running the business); (2) partnership (two or more self-employed people running the business); (3) corporation (which can be owned by one or more individuals and is organized under specific state laws); or (4) a limited liability company, which has elements of a partnership and a corporation. Each of these forms has special features that should be examined when making a decision about how to organize your business. These features include, among others, expenses, personal liability and taxes. You should seek professional advice to determine the best form for your particular situation before investing too much time and money in your enterprise. The cost of planning to minimize problems is much less than the cost of trying to cure those problems after they have materialized.

### Sole Proprietorship

A sole proprietorship is a business conducted by one individual who is the sole owner. If you have your own business for the purpose of making money, whether by making or selling records, writing and publishing songs, operating a recording studio or performing solo, you have a proprietorship business, and this material applies to you.

A proprietorship is the simplest form of business to start because it generally requires no contracts (contracts require at least two people) and only a few special papers have to be

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prepared. These papers include a fictitious business name statement, commonly called a DBA (“doing business as”), which identifies you as the owner by your name and address and the name under which you are doing business. Note, however, that a DBA generally needs to be filed only if you use a name other than your own to do business. That statement must be filed with the county recorder located in your local county courthouse. After filing with the county recorder, you must publish a legal notice statement of your doing business. Inquire at your county recorder’s office to find out which local newspapers publish the notices and have the least expensive legal notice rates. Certain local governments may require the proprietor to obtain a separate business license or that license may be covered by the fictitious business name filing. Your county recorder’s office can fill you in on this.

If you sell goods at retail, you will need a permit issued by the appropriate tax authority. This is discussed later in this chapter in the section titled, General Business Obligations.

You, as the sole proprietor, are the only one who makes decisions on how the business should operate and what its focus should be. With a proprietorship, you enjoy all the profits but must absorb all the losses. Employees do not participate in the ownership. A proprietor who has employees must withhold income and social security taxes, unemployment and other insurances required by state and federal law and must submit the withheld sums to the appropriate government agencies. While a proprietorship usually has fewer regulatory and record-keeping requirements than a partnership or corporation, you must focus on the reports to be filed with the local, state and federal taxing authorities. If you are going to hire employees, be certain to contact each of those authorities to obtain the required forms and instructional booklets that tell you what to do.

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A good bookkeeper or accountant will be able to assist you with that part of your business. These requirements are discussed in more detail later in this chapter.

As a proprietorship, you are responsible for your acts and, in general, the acts of your employees. If, for example, you or one of your employees should injure someone in a car accident while promoting your record to radio stations, you would be responsible for compensating the injured party. A judgment against you would enable the judgment creditor (the person who won the suit and to whom you owe the money) to look to all your assets, both business and personal, to recover on the judgment. You should obtain insurance to provide coverage from the liabilities that can occur in running a business.

The entire income of a proprietor is taxable income, but business expenses and losses are deductible from income. Proprietors, as self-employed, must file quarterly estimated income tax returns and make prepayment of anticipated taxes with the Internal Revenue Service and the state tax authorities. The estimated tax is based on a projection of expected income during your first year of business and thereafter on your prior years taxes. You should consult an accountant who has a tax orientation to assist you in these matters.

## Partnerships

If your band of one, or your one-person record or publishing company has grown to two or more people that share the profits and losses, and you plan to stay in business for a while, you have a partnership. A partnership is defined as an association of two or more persons conducting a business on a continuing basis as co-owners for profit. Usually, the relationship among the partners is governed by a written partnership agreement that

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details the rights and responsibilities of each partner. Although you do not need a written contract to be considered a partnership, obtaining a written partnership agreement is recommended. If there is no written partnership agreement, state statutes control the relations of the partners with each other. The partners can be individuals, other partnerships, corporations, limited liability companies or any combination of these. Each partner contributes property, services or money to the business of the partnership. Partners also may loan property, money or services to the partnership.

### General Partnership

In a partnership, each of the partners has an undivided equal interest in all of the partnership property, unless, by contract, they provide for their interests to be unequal. Essentially, each partner owns the assets in common with the other partners and has a duty to each of the other partners to take care of that property and not to dispose of it without the consent of the other partners.

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### When There Are No Written Partnership Agreements

A frequently raised issue is how to structure the business arrangements among the members of a band. Whenever two or more musicians form a band, they have formed a general partnership. While it is important to have a written agreement at some point, most struggling bands cannot afford to hire a lawyer to prepare one for them. If this is the case, it is important for the members of the band to work out answers among themselves. Communicate with each other. Seek professional help. Follow your instincts on what

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seems fair and reasonable to you. A good issue on which to focus is to determine at what point your band should make an effort to have a written agreement. It is far less expensive to plan your business properly in the beginning than it is to resolve problems after the fact, especially if the resolution takes the form of expensive litigation. If you cannot reach an agreement, maybe that is a sign you should not be in business together.

## Legal Presumptions

If the members of a band have formed a partnership by working together but do not have a written agreement, state statutes presume that certain conditions apply to the band's arrangements. These conditions are that each partner; (a) has an equal vote in the affairs of the partnership and a majority vote determines the decision of the partners; (b) owns an equal share in the assets of the partnership, which include equipment purchased by the band, the name of the band and income; (c) shares equally in the profits and losses of the partnership; and (d) is responsible for the acts of all of the other partners performed in pursuing the partnership business. If a partner, for example, delivers the band's independently produced recording to record stores for sale and in the course of making a delivery has a car accident, then all of the partners are liable for any damages.

## Leaving Members

When there is no written agreement and a partner leaves the partnership, whether willingly or at the demand of the other partners, then the band's partnership terminates automatically. The band has a responsibility to pay all of the debts of the partnership and, if necessary, sell the partnership's assets to do so. If thereafter, the remaining members of the partnership wish to continue performing as a band they may, but in effect, they form a

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new partnership and start over. If the band's creditors cooperate, it may be able to avoid having to liquidate assets so long as the remaining band members continue paying the creditors. You need to work out with the departing members their continuing responsibility to make payments owed or to receive payments due. If you do not want to deal with a dissolution and liquidation under these circumstances you need a written partnership agreement.

## Taxes

At income tax time, the partnership files an informational tax return (Federal Partnership Return of Income Form 1065) that describes losses or profits, but the partnership itself pays no taxes. Rather, the losses or profits are passed through to the individual partners for reporting on their individual tax returns (thus, a partnership is often described as a tax conduit) and again, unless the agreement provides otherwise, losses or profits are shared equally. As with a proprietorship, the partners must file quarterly returns and personal income tax prepayments.

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Partnerships: Critical Written Agreement Decisions

Acquired Property

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When a band acquires property, such as a sound or lighting system, each of its members assumes a share of that system's cost. The partners should be aware of their payment responsibilities and what happens if somebody leaves the band. For example, will the departing member have to continue to make payments? Do the remaining members of the band have any obligation to pay the departing member for the equipment based on its market value or the money paid by the departing member, if the band is going to keep that equipment?

## Name

If the band becomes well known and its name is recognizable to a large audience, who will have the rights in the name if the band breaks up or individual members leave the band? Partnership agreements generally state that the group, as a whole, owns the name. A provision should be included in the agreement stating that if any member leaves the group, whether voluntarily or otherwise, that member surrenders the right to use the band name, which will stay with the remaining members of the group. Any incoming member would have to acknowledge in writing that the name of the band does belong to the partnership and the new member does not own any rights in the band's name greater than the partnership interests allocated to that new member.

The partnership agreement could provide that none of the band members may use the name if the group should completely disband, or that any one of the members could buy from the others the right to use the name at a value to be established by binding arbitration with expert testimony, if the members cannot agree among themselves.

## Leaving Members

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Prior to signing long-term contracts such as recording or publishing agreements, the band should determine how to resolve the issues regarding the rights of departing and new band members concerning services already performed or commitments that have to be met under those agreements and the sharing of recoupable costs for projects predating and postdating the leaving and new band members.

## Song Rights

Can the departing member take his or her songs when they leave the group? If the songs were cowritten with remaining band members, the band can continue to use the songs and record them, as can the departing member, but each will have to report to the other their respective shares of income earned from such usages. When the departing member is the sole author of certain compositions, the band could be prevented from recording them, if they had not already been released on commercially distributed phonorecords, and from performing them if they had not yet been licensed to a performing rights society like BMI or ASCAP. Sometimes bands form a publishing company as part of the assets of the partnership, which will control what happens when a writer member leaves the band. Usually the band will continue to be able to use the songs as will the departing member.

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Each person who is a partner may act on behalf of the partnership and that act binds all of the partners in the partnership. Each person in the partnership is liable for the business obligations of the partnership incurred by any of the partners. In other words, if your partner signs a business commitment to pay for advertising for the business, you as a partner are responsible with the other partners for making payment. On contract actions,

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the creditor can sue all of the partners, but cannot single out any one partner to sue exclusive of the others. A tort claim (inflicting harm on another person or property) for injuries is different. If, for example, a partner runs a car through a record store display window while delivering records in the normal course of partnership business, each partner is severally (individually) liable and the store owner could sue any individual partner or all the partners in the partnership.

The personal assets of the partners can be taken by the creditors of the business only after all of the partnership assets have been taken and the personal creditors of the individual partners have satisfied their claims out of the partners' personal assets. For example, the business creditors must exhaust all of the property and money of the partnership before they can look to your car, stereo or instrument, and the person you still owe for the car, stereo or instrument has to be paid before the business creditor can claim any of these prized items. Some states' laws will allow certain "necessary" property of the debtor to be exempt from creditors' claims, such as food and clothing.

Death or withdrawal of a partner (or some other specified event set out in a partnership agreement) will dissolve the partnership. By written agreement, however, the partners can provide that the partnership will continue despite a partner's death or withdrawal. In that case, the agreement establishes distribution rules to determine how the departing partner is to be compensated (this is called a buy out) and how the partnership is to continue without the deceased or withdrawn partner.

As with a proprietorship, a partnership must file a fictitious business name statement (if all the partners' surnames are not in the partnership name) and publish a DBA statement

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in a local county newspaper. You also must file a form SS-4 with the Internal Revenue Service to obtain an employer identification tax number even if you do not employ anybody. These forms can be obtained by calling, faxing, writing or emailing to your regional Internal Revenue Service center. The performing rights organizations, ASCAP, BMI and SESAC, ask publisher members to include their employer identification tax numbers on their membership applications. You must also secure any required local licenses and permits.

In a general partnership, all of the partners participate in the control of the business. Partners may agree among themselves to assign specific duties according to ability. Voting on business decisions may be equal or may be weighted according to capital contribution (money and property contributed to making the partnership work) or on some other basis.

The profits, losses and risks are shared equally among the partners unless they agree, in writing, to a different division.

On dissolution of the partnership, the assets of the partnership are liquidated (turned into cash) and the creditors of the partnership are paid first. The balance of the liquidated assets, if any, is distributed to the partners, first to repay loans by any of the partners to the partnership, secondly to return any money or assets contributed by the partners and finally, to the partners according to how they share profits.

## Joint Venture

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A joint venture is a form of business relationship that consists of an association of two or more persons, partnerships, corporations, limited liability companies or some combination thereof, for the purpose of accomplishing a single or limited series of business transactions for profit, rather than carrying on a continuous business. A joint venture is a partnership with respect to all the applicable rules discussed above and the terms of the relationship should be governed by a written agreement. Examples of a musical joint venture include recording a single album, producing one video or promoting a concert.

## Limited Partnership

A limited partnership functions as a financing vehicle to raise capital to fund identified business goals. It consists of a least two people, corporations, partnerships or some combination thereof. A limited partnership requires at least one general partner, whether a person, another partnership or a corporation and one or more limited partners as investors. The limited partners contribute capital but take no part in the management of the business and have no liability beyond the amount of money that each contributed to the partnership and any profits owed to them under the limited partnership. Should a limited partner become involved in the management of the business then he or she would lose this limited liability status. Generally, a limited partnership is for an established duration and must be set out in a written limited partnership agreement. State and federal securities laws that regulate investments apply to limited partnerships and a discussion of these laws is found in the chapter, How to Set Up a Money Deal.

## Corporations

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At some point in your career, you may decide that it is time to incorporate, either because you have reached a high income level or because you wish to protect your personal assets from the claims of your business creditors. Frequently, successful entertainers form what in the business is known as a “loan-out” corporation. In other words, you have yourself incorporated and that corporation agrees to make your services available to other parties (for example, record companies) in any particular deal.

What does it mean to be a corporation? Corporations differ substantially from proprietorships and partnerships. A corporation is an artificial, separate, legal entity recognized by state law, the formation of which is regulated by procedures established by state law. Ownership of a corporation is obtained by buying shares of stock for value. A corporation can be owned by one or more persons (including a partnership) or other corporations. A corporation can be owned privately (the stock is not traded on the stock market) or publicly (the corporation’s stock is sold on the stock market and is held by the public at large).

The corporation is a separate legal entity with a life apart from the persons that own and operate it. Corporations raise capital by selling shares. The issuance of shares in the corporation is a security subject to state and, under some circumstance, federal securities laws. Like an individual or a partnership, a corporation can own, buy or sell property in its own name, enter into contracts, borrow money, raise capital and do the various kinds of activities that a proprietorship and partnership can do.

The corporation is governed by a board of directors elected by the shareholders. In turn, the corporation is managed by officers (such as a president and treasurer) that are

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employees of the corporation hired by the board of directors. In loan-out corporations, the officers and directors usually are the individuals that form the corporation and are the shareholders. If the corporation was formed by one person, then that person usually holds all of the officer positions and is the sole director.

Risks of the business are borne by the corporation. The shareholders' liabilities are limited to the amounts invested in the corporation and their share of the profits. The investments are usually evidenced by issued shares (stock).

The corporation must file annual tax returns and pay taxes on profits. After taxes, profits can be retained for operating capital or distributed to shareholders as dividends, which are taxable as income. Profits are shared among shareholders in proportion to their ownership participation. Unlike partnerships, there is no passing of profits and losses from a corporation to the individual owners of shares, except in a Chapter S corporation.

With a Chapter S corporation, the shareholders get the benefits of a partnership by having profits and losses passed through to them for tax purposes, while they retain the benefit of the corporation's limited liability status. Losses passed through to the shareholders cannot exceed the amounts invested by the shareholders.

A corporation is brought into existence by filing a document known as the articles of incorporation (or charter or articles of association in some states), the filing of which, for example costs \$100 in California, plus a prepayment of an annual minimum franchise tax payment, currently \$800. Forming a corporation, however, will cost more than this because of attorneys' fees to organize the corporation and prepare shareholder and

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buy/sell agreements concerning the stock issued to the shareholders. In addition, there may be local fees for permits and business licenses.

Shares of publicly held companies are generally transferable from one owner to a subsequent owner on the open market. With nonpublic corporations, there is no ready market for the shares and the shareholders have to seek out specific buyers. Also, the law often restricts the sale of shares and requires that certain procedures, established by state and federal statutes, be followed before they can be sold. Also, the shareholders may have agreements among themselves, or the corporation may have provisions in its bylaws that put limitations on a shareholder's transfer of stock. This is a complex area that requires professional counsel on securities, tax and accounting issues and is too involved a topic to examine in this chapter. These are considerations that require some attention and you will need professional advice when it comes time to focus on them.

The rules that govern the operation of the corporation are known as the bylaws and these are adopted at the beginning of the life of the corporation. Generally, the officers of the corporation are empowered to operate the daily affairs of the corporation, subject to approval or disapproval by the board of directors, which in turn answers to the shareholders. The board of directors will hold periodic meetings to review the acts of the officers. The shareholders will hold periodic meetings to review the board of directors.

Voting among shareholders is based on the number of shares owned—generally one vote per share. Shareholders are sometimes divided into different classes. Some classes of shares may be nonvoting. Some corporations' bylaws provide for “cumulative” voting for the directors of the board. In other words, a shareholder can multiply the number of his or

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her shares (e.g., 100 out of 500) by the number of board positions (e.g., three) and apply all of the total (300) to one candidate on the board and thereby increase that shareholder's assurance of placing a representative on the board.

The corporation's existence is perpetual unless the shareholders vote to terminate the corporation or the corporation cannot continue financially. On dissolution, creditors, such as banks, trade creditors, employees and taxing bodies are paid first. Then shareholders receive a return of capital (that is, they get back what they paid for their shares if the dissolved corporation has sufficient funds), and finally, a distribution of assets and profits, if any.

## Limited Liability Companies (LLCs)

A limited liability company (LLC) has elements of both a partnership and a corporation. It can be advantageous for entertainers that work in a group, such as a performing and recording band. Discuss with your attorney the pros and cons of structuring your business as an LLC, instead of as a partnership or regular corporation (usually a Chapter S).

An LLC is an organization in which the owners (members) have an interest in the LLC and are parties to a contract, known as the operating agreement, which details the rights and duties of the members and acts as the guiding rules for the LLC. Some state statutes require that the operating agreement be in writing. Generally, a written agreement better serves the interests and needs of the members regardless of statutes.

There are two types of LLCs, member-managed, in which members, by statute, have the agency and authority to make management decisions; and manager-managed, in which

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the members are not the agents of the LLC and have the authority to make only major decisions, leaving the authority to exercise day-to-day management decisions to the managers. For the most part, bands that organize as an LLC should be member-managed.

LLCs provide limited liability (as do corporations) and a greater and more flexible freedom to establish ownership and management relationships, as in partnerships, based on the contract of the members, which is known as an Operating Agreement. LLCs are treated in the same way as partnerships for tax purposes and they are currently the preferred form of business for performing and recording groups.

The members of the LLC are not individually liable for the obligations and liabilities of the organization. This also extends to the relationships among members. While general partners, in a partnership, have an obligation to contribute to the partnership and indemnify other partners for losses and obligations incurred in carrying on the business, no such individual obligations exist for members in an LLC. Generally, the LLC will be required to indemnify a member for obligations incurred by the members in carrying on the business of the LLC. But, if the LLC does not have sufficient assets to fully indemnify the member, the member may not look to the individual assets of other members for contribution, as may a partner in a general partnership.

Under most LLC statutes, members have the right to withdraw at any time and demand payment for their interest. This right to return an interest to a member of the LLC is similar to the rule that applies to partnerships. Some state statutes limit members' rights to withdraw or to demand that the LLC purchase their interests, unless the members have

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agreed otherwise. Consequently, like a partnership (or like shareholder agreements with a corporation), the operating agreement among the members of the LLC should specify the conditions under which the LLC is obligated to purchase the interests of a leaving member. The disassociation from the LLC by a member, due to death, bankruptcy, dissolution or some other event, will cause the dissolution of the LLC unless the remaining members consent to continue the business. Structuring the operating agreement so that an LLC does not dissolve upon the disassociation by a member is especially helpful when the organization holds title to property, like copyrights or rights to income, such as advances and royalty payments under a recording agreement, which might be adversely affected by the dissolution and reformation of the business that technically accompanies the withdrawal of a member.

The need to get professional counsel when you begin your own business cannot be stressed too strongly. Your lawyer or accountant will help you determine which form will be best for your situation and, thereafter, will monitor the operation of your business to decide whether you should switch to another form as your needs change.

## Legal Obligations of Employers and Business

As an individual involved in the music business, you may find it necessary to hire others to work for you. If you hire employees, you must satisfy certain obligations imposed on employers by state and federal laws. This section briefly identifies those obligations and others of which you should be aware. If you start your own business and hire employees, consult with an attorney or accountant or at least with the appropriate government

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officials, to make certain that the federal and state laws regarding wages, benefits, hours, compensation, insurance, taxes, licenses and other matters are satisfied.

## Employers' Tax Obligations

Becoming an employer imposes a host of form-filing obligations. One of the first things an employer must do is obtain an employer identification number from the Internal Revenue Service. This number must be shown on all federal tax returns, statements, and other documents. Application for this number is made on form SS-4, which may be obtained from and filed with your local IRS office.

Generally, employers must withhold federal income and social security taxes as well as state income taxes and other state taxes from the wages they pay to their employees.

Contact your nearest IRS office and the local office of your state taxing bureau to obtain the necessary information on the procedures for withholding such taxes.

The employer must have all employees complete the employee withholding allowance certificate (form W-4). If the employee had no federal income tax liability for the preceding year and anticipates no liability for the current year, the employee withholding exemption certificate form W-4E should be completed. These forms should be returned to your local IRS office. Based on the information contained in the W-4 forms and in tax tables (which should be included in the information you receive from the federal and state taxing authorities) you will be able to determine the amount of income and social security taxes to be withheld from each wage payment and the amount of the employer's matching contributions for social security taxes.

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The withheld income and social security taxes are deposited along with federal tax deposit form 8109 at an authorized commercial bank depository or the Federal Reserve Bank in your area. The deposits are required on a monthly, semimonthly or quarterly basis, depending on the amount of the tax involved. Form 941, which describes the amounts withheld, must be filed on a quarterly basis.

The employer must furnish to each employee two copies of the annual wage and tax statement form W-2 for the calendar year no later than January 31 following the end of the calendar tax year, including a federal copy, state copy, city copy (for certain jurisdictions that impose a city income tax, like New York and California) and employee record copy. If the service of the employee is terminated before the end of the year, the W-2 form must be submitted to the employee not later than 30 days after the last payment of wages to that employee. This W-2 form is an informational one for the purpose of advising the employee how much tax money was withheld and it may be combined with state and city withholding statements. It must be used by the employee in filing annual income tax returns.

It is important to remember that if you are the person responsible for withholding taxes on behalf of employees (yourself or others), you may become personally liable for a 100% penalty on the amount that should have been withheld if you fail to comply with these obligations.

Note also that the employer may be subject to federal and state unemployment taxes and to withholding on state disability insurance taxes. You should consult your accountant or the local office of the IRS, the state unemployment compensation bureau and the state

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disability insurance office to find out the details on unemployment taxes and disability insurance. Generally, the procedures for withholding money for these programs are similar to those for withholding federal and state income taxes and social security taxes.

If you hire independent contractors that will be responsible for making their own tax payments, it should be clear that they are operating their own businesses, have been retained by you to perform services, are not under your control or direction and will be performing the same or similar services for others. Also, you should file a 1099 form with the IRS by February 28th of each year identifying the independent contractors and the amounts paid for the services. Examples of independent contractors include; someone to set up and engineer the sound for a showcase concert; a producer to oversee and produce a recording of the masters for your albums; an arranger to arrange your original compositions for your album. The IRS is particularly interested in independent contractors you retain that perhaps should have been treated as employees, so be sure to review with your accountant the current rules and regulations that distinguish employees from independent contractors.

## Other Employer Obligations

Most employers are subject to state workers' compensation laws. These laws impose liability on the employer for industrial accidents sustained by employees regardless of the employer's negligence. They provide a schedule of benefits to be paid to the employees for injuries or to their heirs if the employees are killed in an accident. It is important that you obtain sufficient workers' compensation liability insurance from an authorized insurer or a certificate of consent from your state's director of industrial relations if you

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are going to self-insure. Generally, insurance coverage can be obtained through the local office of your state's compensation insurance fund or through a private licensed workers' compensation carrier.

Both state and federal laws impose minimum obligations on the employer concerning wages, hours and working conditions. You can obtain detailed information by contacting the Department of Labor, Department of Industrial Welfare or Department of Industrial Relations in your state as well as the U.S. Department of Labor. Both state and federal laws impose obligations on the employer to refrain from discrimination in hiring and in the conditions of employment. You must be careful to comply with these laws.

## General Business Obligations

As a business, you have certain additional obligations. We will not go into detail here, but will simply identify problem areas with the advice that you become aware of them either by consulting with your local, state and federal authorities or with an attorney.

If you engage in retail sales to consumers, you must comply with state sales and use taxes. Generally, this tax is imposed on the consumer but the seller is obligated to collect the tax. On the seller's failure to collect, he or she will be obligated to pay the sums to the state that should have been collected from the consumer. Also, as a seller of retail goods, you must obtain a seller's permit from the local office of your state taxing authority. If you sell your product to a distributor who will in turn sell to retailers or if you sell directly to a retailer, then you need to obtain a resale tax exemption certificate from the state.

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Note that businesses in most states must pay personal property tax on certain items of personal property that the business owns or possesses at a certain time in each calendar year. You must file a property statement with the county assessor within the period of time required by state law. You should check with your accountant or state's business property tax department to obtain the necessary information to enable you to comply with the state's laws on such taxes.

It is advisable to obtain casualty and public liability insurance and you should consult with local insurance agents to give you advice on this matter.

Many trades, occupations and businesses are required to obtain state and sometimes local business licenses. Again, consult with your local and state authorities to determine what your obligations are.

It should be clear from the items discussed here that starting a business involves numerous filings and much record keeping. These requirements are unquestionably a burden, particularly for a small business. While it may be possible to ignore them and "fly below radar" for awhile, the odds are against doing it for long. The more successful the enterprise, the sooner it will become visible.

The recommended approach is to comply from the outset. If the requirements seem confusing or you do not have sufficient business experience to feel confident that you have undertaken all the proper steps, have an accountant, businessperson or lawyer look over what you have done and advise you. Once your bookkeeping and reporting systems are established, they are not difficult to maintain.