

# **BUSINESS START – UP CHECKLIST**

## **I. Introduction**

Every legal jurisdiction – city, county, state, and federal – has separate requirements for new businesses. In starting a new business, you must be aware of and comply with those requirements that apply to your type of business. This checklist outlines the usual requirements. It is not intended to be a complete guide.

People who have ever been in business before should heed these two bits of advice:

### **1. Get Professional Help**

No matter how small your business, you protect yourself by consulting an attorney and an experienced accountant as you plan your business. Their professional assistance will ensure that your business conforms to all laws and will help avoid many problems as your business account to vital for smoothly conducting your business's financial affairs.

### **2. Research Your Type of Business**

Talk with other people running their own business. Read up on how to over-research. Develop a business plan based on your research.

The Cullman Public Library has books and magazines articles that cover not only how to start a small business in general, but also how to start the specific type of business you want. The librarians will show you how to find this information and how to use their reference materials. The library also has a Government Document Section, which contains all brochures and pamphlets on starting a business published by the Small Business Administration.

## **II. Utilities**

**1. Telephone Service** – Call (800) 661-3696 or (205) 557-6000 to arrange for business service and phone number. Businesses automatically receive a one-line, one-heading listing in the White Pages and in the Yellow Pages.

**2. Electrical Service**—City Limits – *electricity, water, garbage*

Cullman Power Board, (256) 734-2343

County – *electricity*

Cullman Electric Co-op, (256) 737-3200

County – *water*

Cullman Water Dept, (256) 734-2900

County – *garbage*

Cullman Sanitation Dept, (256) 287-1142

### **III. Federal Requirements**

#### **1. Employer Identification Number**

The Internal Revenue Service (IRS) requires each individual or business to have a Taxpayer Identification Number or TIN. A sole proprietor uses his or her social security number as the TIN unless the proprietorship has employees or is required to file any business tax forms. In these situations, an employer identification number, or EIN, is needed as the TIN. A partnership or corporation must have an EIN whether or not it has employees. For additional information refer to Publication 583.

A new EIN is also needed if a business changes from one form to another, e.g.: from a sole proprietor to a corporation. A new EIN is also needed if someone takes over another's business; the previous owner's EIN cannot be used. If an EIN is not assigned before a tax return is due, write "applied for" and the date of application in the space provided for the number.

To obtain an EIN, complete Form SS-4 and mail it to the Memphis EIN by mail. You may obtain an EIN immediately by telephone (901) 546-3920 or fax (901) 546-3916. If calling for an EIN you should have your completed SS-4 available when you call or you may obtain them at:

Internal Revenue Service  
806 Governors Drive SW  
Huntsville, AL 35801

Or call Tax Payer Education program for  
more information at 1-800-829-1040

#### **2. Withholding Federal Taxes From Employees**

As an employer, you are required to withhold federal income tax (FIT), Social Security and Medicare Taxes (FICA) from the wages you pay to your employees. Local governments may require additional withholdings for the state, city or county income tax. The amount of federal income tax withheld depends on four factors: payroll, employee's marital status, amount of wages and number of withholding allowances claimed by the employee. If you know these factors, you

can determine the amount of FIT withholding. For more information, refer to Circular E, Employer's Tax Guide.

### **3. Income Tax**

If you have employees, you must withhold income taxes (including yourself if you take a salary). Pick up from the IRS a copy of the Employer's Tax Guide (Circular E) and the following forms with usually are required:

- 940—Employer's Annual Unemployment Tax Return
- 941—Employer's Quarterly Federal Income Tax and FICA
- W-2—Employer's Wage and Tax Statement
- W-3—Employee's Withholding Allowance Certificate
- 1099—Information Return

### **4. Social Security and Medicare Taxes (FICA)**

FICA (Social Security) taxes are paid by both you and your employee. All employees must have a Social Security Number. If an employee does not, have the person, file for an Application for a Social Security Number (Form SS-5) at the:

Social Security Administration  
1221 Cullman Shopping Center NW  
Cullman, AL 35055

General Information- (800) 772-1213  
Local Office- (256) 734-2511

### **5. Form 941, Employer's Quarterly Federal Tax Return**

Use Form 941 to report the Federal Income Tax (FI) and FICA tax withholdings from your employee's pay. This form also reports the portion of FICA taxes, which you pay. For more information, refer to Circular E, Employer's Tax Guide.

## **IV. Other Requirements**

### **1. Occupational Safety and Health Administration**

If you employ anyone other than yourself, your business may come under OSHA regulations. Generally, employers are not bound by OSHA recordkeeping regulations if they: (1) have fewer than 10 full-time employees, (2) are in retail trade, (3) are in finance, insurance or real estate, or (4) have a service business.

All others are covered by OSHA and are responsible for finding out exactly what regulations apply to their type of business.

If you have employees, protect your business by checking with the local OSHA office to find your obligations under the Act. Ask for the **OSHA Handbook for Small Business and/or Recordkeeping Requirements Under the Occupational Safety and Health Act of 1970:**

Birmingham Area Office  
U.S. Department of Labor-OSHA  
2047 Canyon Road  
Birmingham, AL 35216  
(205) 731-1534

## **2. Americans with Disabilities Act (ADA)**

The Americans with Disabilities Act requires employers with 15 or more employees to have the ADA Act in effect. Title I of the ADA prohibits discrimination in employment on the basis of disability.

## **3. Equal Employment Opportunities Commission (EEOC)**

As an employer, you must be aware of equal employment opportunity regulations. You may obtain information relating to employment practices and any other pertinent information on equal opportunity employment by contacting the:

Equal Employment Opportunity Commission  
1900 3<sup>rd</sup> Avenue North  
Birmingham, AL 35203  
(205) 731-0082

## **V. Alabama Requirements**

The Alabama Department of Revenue can answer questions about your company's obligations to the State.

Alabama Department of Revenue  
50 North Ripley  
Montgomery, AL 36104  
(334) 242-1000

Businesses that are incorporated in the State of Alabama should contact the **Franchise Tax Division** at (334) 242-9800 for information. You must register for any corporate taxes administered by the **Corporate Income Tax Division** by calling (334) 242-1200.

Proprietors, partners, corporate shareholders and others should contact the **Withholding Tax Section** (334) 242-1300 to get the requirements for the Alabama Individual Estimated Income Tax (Form 40ES). These individuals must report estimated earnings and pay income tax quarterly.

For more information, you can also contact:

Alabama Taxpayer Service Center  
2024 3<sup>rd</sup> Avenue North  
Birmingham, Alabama 35203  
(205) 323-6387

1. Income Tax:

If you have employees (even yourself if you take a salary), then you must withhold income taxes. To obtain an **Alabama Withholding Tax Tables and Instructions for Employers**, contact the:

Alabama Department of Revenue  
2024 3<sup>rd</sup> Avenue North  
Birmingham, Alabama 35203  
(205) 323-6387

And you must file an Application for **Alabama Withholding Tax Code Number** (Form WH-1) with:

Alabama Department of Revenue  
Income Tax Division – Withholding Tax Section  
50 North Ripley  
Montgomery, AL 36104  
(334) 242-1000

The following forms will also be required:

A-1 (or A-6) - Employer's Quarterly (or monthly) Return of Income Tax Withheld

A-3 - Reconciliation of State Income Tax Withheld

## A-4 - Employee's Withholding Exemption Certificate

### 2. Unemployment

Most employers must contribute to the Unemployment Compensation fund by filing a **Report to Determine Domestic Liability** (SR-2D) form to the:

Department of Industrial Relations  
Audit Section  
Montgomery, Alabama 36131  
(205) 254-1250

An **Employer's Contribution and Wage Report** (UCCR-4) form to the:

Department of Industrial Relations  
Birmingham District Tax Office  
P.O. Box 13156  
Birmingham, Alabama 35202  
(205) 254-1250

Employers pay based on their experience rating, starting at 2.7% of gross wages paid to employees. Your experience rating is based on how many of your former employees file unemployment compensation claims against your company.

### 3. Sales Tax

If you sell tangible property or amusement (video arcades or Movie Theater, for example), you must collect state sales tax of 4%. Counties and cities charge additional sales taxes. File and License and **Application for Sales Tax Return** (Form ST-1) with the:

Alabama Department of Revenue  
Sales and Use Tax Division  
P.O. Box 327710  
Montgomery, Alabama 36132  
(334) 242-1490

As a business owner, you are responsible for finding out whether or not you must collect sales tax. If what you sell is exempt from sales tax (services or labor or sales to wholesalers, for example), file an Application for Sales Tax Certificate of exemption with the Alabama Department of Revenue, Sales & Use Tax Division.

## **VI. County Requirements**

The information given below is for Cullman County. Other counties have similar departments and resources.

New business owners must be aware of four basic requirements:

- (1) You must have a County Business License (256) 775-4652
- (2) You must pay sales tax (256) 775-1398
- (3) You must pay a County Privilege Tax (256) 775-4652

In Cullman County, the first three requirements may be filed at the:

Cullman County Courthouse  
500 2<sup>nd</sup> Avenue SW  
Cullman, AL 35055  
(256) 739-3530

- (4) You must pay General Property (Ad Valorem) Taxes to the:

Revenue Commissioner  
Room 102, Cullman County Courthouse  
PO Box 2220  
Cullman, AL 35056-2220

### **1. Health Department**

Health Department approval is required for restaurants and other food handling facilities. Their approval is also required to install a septic system if a public sewer is not available, or if your business will release waste products into the air.

Cullman County Health Department  
610 Logan Avenue SW  
Cullman, AL 35055

(256) 734-1030

## **2. Environmental Department**

Environmental Service approval is required before connecting to an existing public sewer.

Environmental Services Department  
601 Logan Avenue SW  
Cullman, AL 35055  
(256) 734-0243

## **VII. City Requirements**

If your place of business is within the city limits of an incorporated municipality, check with your city hall for obtaining a business license and other licensing, sales tax, occupational tax, zoning and other regulations that may apply to your type of business. If your business is not within an incorporated municipality, check to see if it is located in a Police Jurisdiction of an adjacent municipality or within a Volunteer Fire District, both of which require special fees, but could save on insurance costs.

The following information is applicable to most businesses. Specific contacts are given for the City of Cullman only.

### **1. Zoning:**

The location you choose for your business must be zoned for that type of business.

For permits, zoning information and inspection information for your location, contact:

The Building Department  
201 2<sup>nd</sup> Avenue NE  
Cullman, AL 35055  
(256) 775-7203

For re-zoning information contact:

The Planning Commission  
Cullman, City of  
200 2<sup>nd</sup> Avenue NE  
Cullman, AL 35055  
(256) 775-7211

If the business involves flammable materials or could otherwise be a possible fire hazard, check with the municipality's **Fire Marshall** to ensure the business is located in the correct **Fire Zone**. For the City of Cullman, contact:

Fire Marshall, Richard Sapp  
204 2<sup>nd</sup> Avenue NE  
Cullman, AL 35055  
(256) 775-7188

### **3. Traffic**

If you need street parking, driveways or loading zone information for your municipality, contact:

Street Department  
Cullman, City of  
1648 Brantley Avenue NW  
Cullman, AL 35055  
(256) 737-7560