

# BUSINESS START UP & HELP GUIDE

## SELECTING YOUR TYPE OF BUSINESS

One of the first decisions you must make is choosing your business' legal form of existence. This is an important decision. Take your time, do your homework, and be prepared to select the legal structure that is best for your situation. You must select from one of several options for your business. You can set up as a personal identity in which your business does not exist apart from you, the owner. Or, you can set up as a corporate identity in which the business exists in its own right. Or, you can set up as a limited liability which is a combination of the two. This is an important decision that affects your ownership options, personal liability, tax structure and administrative requirements such as recordkeeping. This is one area where you and your management team would benefit from qualified legal counsel.

*Here are a few of the mandated regulations depending on the type of legal structure you choose for your business:*

**Sole Proprietor**– As a sole proprietor you are the sole owner of your business and you will need to file your business with the Internal Revenue Service or Social Security Administration to obtain a Taxpayer Identification Number. A TIN is an identification number used by the IRS in the administration of tax laws. It is issued either by the Social Security Administration (SSA) or by the IRS. A Social Security number (SSN) is issued by the SSA whereas all other TINs are issued by the IRS. If you wish to conduct your business as a DBA (Doing Business As) you will still want to file with the SSA and obtain a business license/DBA certificate from the county and/or municipality in which you operate.

**Partnership**- If you have two or more owners who bear personal and unlimited responsibility for the operations and liabilities of the business, you have a general partnership. General partnerships operating their business under a fictitious or assumed name must apply for a Taxpayer Identification Number and a DBA certificate with the county in which the business is physically located. Before making a decision to have a general partnership, you and all the partners should agree to the requirements of the business as well as the expected results. This should be written up as a partnership agreement. While it is difficult to generalize about the contents of a partnership agreement, all agreements should address the most important areas of your business.

**LLC**– Limited Liability Corporations must consist of at least one member, and the ownership in your corporation is invested in memberships rather than shares of stock. Limited liability companies offer some protection from liability for actions taken by your company or by other members of your company. It does not protect from liability for personal actions. For an LLC a membership fee typically is due annually and consists of a minimum fee of \$300, maximum fee of \$3,000 in TN, from \$50 to \$250 in MS and \$25-\$300 in AR. LLCs, LLPs & LPs must file with the IRS, Secretary of State and local county.

*Additionally, all LLCs must abide by the following state-mandated regulations:*

- An annual report filed with your Secretary of State
- Financial records prepared for any member requesting them
- By-laws and board minutes recorded and maintained
- Memberships sold only when all members agree to the transaction

**Corporation**- A business assumes a corporate identity when you register or “incorporate” with the United States government and Secretary of State. Incorporation gives your business a legal existence. That is, it can own assets and conduct business in its own name. Corporations must file with the IRS, Secretary of State and local county.

*Some of the requirements for a corporation include:*

- Having a board of directors and corporate officers.
- Having stockholders as owners of the company.
- Holding periodic board meetings, maintaining board minutes and approving corporate resolutions.
- Allowing the board to authorize certain actions such as borrowing money, entering into contracts and allocating corporate resources beyond routine business transactions.

**Non-Profit, Not-For-Profit** -a non-profit entity is usually a tax-exempt organization. Generally, tax-exempt organizations must file an annual information return. There are so many different non-profit regulations you will need to contact the IRS to obtain the correct tax-exempt regulations and publication for your business. Please visit <http://www.irs.gov/charities/nonprofits> for more information.

# BUSINESS START UP & HELP GUIDE

## HOW TO OBTAIN A BUSINESS FEDERAL TAX IDENTIFICATION NUMBER

### FEDERAL TAX IDENTIFICATION NUMBERS/EMPLOYER'S IDENTIFICATION NUMBER

**Tax Identification Numbers (TINs)**- are identifying numbers used by the Internal Revenue Service in the administration of tax laws. They are issued either by the Social Security Administration (SSA) or by the IRS. A social security number is issued by the SSA whereas all other TINs are issued by the IRS. A business operating as a sole proprietorship with no hired employee may satisfy the reporting requirements of the federal government by filing under the social security number of the proprietor. If you wish to conduct your business as a DBA (Doing Business As) you will still need to file with the SSA and state to obtain a business license/DBA certificate from the county and/or municipality in which you operate. A business TIN filed with the SSA or IRS may be used to conduct business or open a business account with a financial institution.

**Federal Tax Identification Numbers (FINs)** are also known as **Employer Identification Numbers (EINs)**- if you are a partnership, a small business corporation, a non-profit, any business operation with one or more hired employees, administering a Keogh plan, filing excise, alcohol, tobacco & firearms tax returns; or opening a bank account in the name of the business you must obtain a federal tax identification number or employer's identification number from the IRS.

FINs/EINs are used to report withholding taxes and should be applied for 6-8 weeks prior to hiring. Requesting an EIN will not necessarily trigger an IRS audit or place scrutiny on your business. Once issued, the IRS will forward a booklet and materials for remitting federal withholding taxes on a monthly or semi-weekly basis and submitting tax reporting on a quarterly basis.

Obtaining an EIN, TIN or FIN can often be done within a few minutes. This valid identification will help your business obtain the necessary documentation needed for operation, transactions, banking and tax purposes. *To obtain a number you will need to fill out a (SS-4) application or corporation form from any of these means:*

#### **Phone Number- 1-800-829-4933**

Businesses can obtain an EIN immediately by calling this FIN/EIN Internal Revenue Service Business & Specialty Tax Line. **IRS Main Number-877-777-4778**. The hours of operation are 7:00 a.m. - 10:00 p.m. local time, Monday through Friday. An assistor takes the information, assigns the EIN, and provides the number to an authorized individual over the telephone. You will want to request that a copy be mailed or faxed directly to you for your records. To conduct business or open a business account you will need a valid faxed or mailed copy directly from the IRS.

#### **Website for FIN/EIN Internal Revenue Service - <https://sa1.www4.irs.gov/modiein/individual/legal-structure.jsp>**

This **Internet EIN** (I-EIN) application is another way for businesses to apply for and obtain an employer identification number. Once all the necessary fields are completed on the online form, preliminary validation is performed and the taxpayer will be alerted to information IRS needs that may not have been included. An EIN will be issued after the successful submission of the completed Form SS-4 online. Certain large and mid-size corporations are required to file electronically using the 1120 and 1120S forms.

#### **Mail/Fax for FIN/EIN Internal Revenue Service -**

Hard copy forms may be obtained by calling 1(800) 829-3676. Once you fill out the SS-4 form you will mail it to:

Internal Revenue Service  
801 Broadway, MDP-46  
Nashville, TN 37203  
(405) 297-4045

Internal Revenue Service  
100 W. Capital St.  
Jackson, MS 39269  
(601) 292-4711

Internal Revenue Service  
700 W. Capitol  
Little Rock, AR 72201  
(501) 324-5111

Internal Revenue Service  
22 N. Front Street, Suite 400  
Memphis, TN 38103  
(901) 544-3243

# BUSINESS START UP & HELP GUIDE

## HOW TO OBTAIN A BUSINESS LICENSE

Every entity operating as a business [including Doing Business As (DBAs)] must obtain a business license. Typically, it is required for you to apply for a business license in person by going to your city and/or county clerk's office.

Please Note, if your business is located inside the City limits of Memphis, you must purchase a combined City of Memphis and Shelby County Business Tax License. The cost of the combined license is \$42.00. If your business is located outside of an Incorporated Municipality, you must purchase a Shelby County Business Tax License only. The cost of this license is \$22.00.

*For more information, please contact your local office at the contact information below:*

### **Memphis City Clerk Office, Downtown Office**

150 Washington Ave., Ste. 200  
Memphis, TN 38103  
8:30 a.m. to 4:15 p.m. Monday through Friday  
(901) 545-4249

### **DeSoto County Tax Collector's Office**

365 Loshier St., Ste. 110  
Hernando, MS 38632  
(662) 429-1340  
[www.desotoms.info](http://www.desotoms.info)

### **West Memphis City Clerk's Office**

205 South Redding  
West Memphis, AR 72301  
(901) 732-7510

### **Memphis City Clerk Office, East Branch**

1075 Mullins Station Rd. - West Wing  
Memphis TN 38134  
9:30 a.m. to 5:15 p.m. Monday through Friday  
(901) 379-7099

### **Other Local County Clerk Offices:**

Arlington (City Hall) 5854 Airline Rd., Arlington 38002, (901) 867-2620 hours 9:00a.m. - 5:00 p.m. (M-T) and 9:00 - 4:00 (F)

Bartlett (New City Hall) 6400 Stage Rd., Bartlett 38134, (901) 385-6428 hours 8:00 a.m. - 5:00 p.m.

Collierville (City Hall) 101 Walnut St., Collierville 38017, (901) 457-2280- hours 8:00 a.m. - 5:00 p.m.

Germantown (City Hall) 1930 South Germantown Rd., Germantown 38138, (901) 757-7244 hours 8:00 a.m. - 5:00 p.m.

Millington (City Hall) 7930 Nelson St., Millington 38053, (901) 872-2211 hours 8:00a.m. - 5:00 p.m.

## **SECRETARY OF STATE OF TENNESSEE (CORPORATE DIVISION)**

Any business which has elected to conduct operations as a business corporation must be aware of the strict state requirements for a corporation creation, maintenance of its status and additional reporting and tax obligations at both State and Federal levels. Please contact your Secretary of State at the correlation office below. Please note, your state can not engage in either the practice of Law or Accounting. Competent legal advice is strongly recommended before making a commitment to create and maintain a small business corporation.

Secretary of State, Tennessee  
Document Filing Office  
Wm. R. Snodgrass TN Tower, 6th Floor  
312 Eighth Avenue North  
Nashville, Tennessee 37243-0405  
Phone: 615-741-2286  
<http://www.state.tn.us/ecd/bizserv.htm>

Secretary of State, Mississippi  
700 North Street  
Jackson, Mississippi 39202  
Phone: 601-359-1350  
Fax: 601-359-1499  
<http://www.sos.state.ms.us/busserv/>

Secretary of State's Office  
Business/Commercial Services  
Division  
1401 W Capitol Ave, Suite 250  
Little Rock, AR 72201  
(501)682-3409  
<http://www.sos.ar.gov/>

# BUSINESS START UP & HELP GUIDE

## **ADDITIONAL BUSINESS CERTIFICATES, PERMITS, TRADEMARKS, ETC.**

### **ARTICLES OF INCORPORATION, CERTIFICATE OF AUTHORIZATION, CERTIFICATE OF EXISTENCE**

Articles of Incorporation are mandatory business regulations in order to create a Corporation, S Corporations and Non-Profit organizations. Articles of Organization are mandatory business regulations in order to create a Limited Liability Corporation (LLC), Limited Liability Partnerships (LLPs) or Limited Partnerships (LPs).

If your company is incorporated in additional states other than your origination state, you may be required to obtain a Certificate of Authority to conduct business operations within the state. The cost for this may be up to \$500 depending on your state fee schedule.

These are important documents that may be relied upon as conclusive evidence that your business has been created, is in existence and/or are authorized to transact business and are in good standing. Certain institutions may request these documents for proof of current tax remuneration. The certificate cost is typically between \$20-\$25 but you will need to contact your Secretary of State to see what fees will apply to your business.

### **STATE (DEPT OF REV) SALES TAX REGISTRATION**

All prospective businesses should contact your state Department of Revenue located to determine the applicability of the sales and use tax regulation to the proposed business activity. If the business is responsible for collecting and reporting the sales and use tax, proper registration forms will be provided upon request.

### **COUNTY ASSESSOR'S OFFICE (PERSONAL PROPERTY TAX)**

This tax is imposed on a business' tangible personal property located within the city and/or county. An annual tax schedule is automatically sent to any business subject to this tax. Information concerning the applicability of this tax and reporting requirements can be obtained by contacting your tax assessors.

### **TAX PERMIT**

To apply for a permit or for more please contact your tax collector/assessor's department. The contact information is on the previous page of this packet, page 4.

After submitting your tax permit application, this department will issue a sales & use tax permit number. Please note, the number shown on your permit is not the same number as a FIN, TIN or EIN and cannot be used for tax or business purposes in lieu of a FIN, TIN or EIN.

All retail businesses, including e-retailers, and some service businesses should have a sales and use tax permit. Use Tax is paid on goods if purchased out of state and the seller does not collect sales tax.

### **BUSINESS STATE & FEDERAL TRADEMARKS**

You may wish to protect your company name and/or service mark in your state by obtaining a state trademark. As a business owner, you can obtain a state trademark, which will protect your business name and/or service mark within your state for a designated number of years.

You may also wish to protect your company name and/or symbol in the U.S. by obtaining a federal trademark. As a business owner, you can obtain a federal trademark, which will protect your business name and/or symbol within the United States for 10 years.

United States Patent and Trademark Office

<http://www.uspto.gov/>

**1-800-786-9199**

# BUSINESS START UP & HELP GUIDE

## ADDITIONAL BUSINESS CERTIFICATES, PERMITS, ORDINANCES, ETC.

### CERTIFICATE OF USE AND OCCUPANCY

Most businesses locating in a commercial area Certificate of Use and Occupancy. For Memphis & Shelby County the fee is \$64.00. All applicants must contact the Shelby County Construction Code Enforcement Office, located at 6465 Mullins Station Rd., Memphis, TN 38134 of call (901) 385-5074.

### SIGN ORDINANCE

Many cities and counties have specific regulations on the size, design, lighting and construction of exterior business signs. Information concerning the detail of requirements and the compliance of a proposed sign design can be obtained from the Shelby County Construction Code Enforcement Office (Sign Section) (901) 385-5197, located at 6465 Mullins Station Rd., Memphis, TN 38134. City of Southaven Planning and Development (662) 393-0111, located at 8710 Northwest Dr., Southaven, MS 38671. Planning and Development City of West Memphis, AR (870) 732-7520, located at 205 South Redding West Memphis, AR 72301.

### HEALTH DEPARTMENT

If your business operations in any way involve the purchase, processing or sale of food items, or the cutting, styling or care of hair, a permit may be required by your Health Department.

### Restaurant and Food Services

Anyone in food services, such as food processing, restaurants, caterers, mobile food units, convenience stores and bed and breakfasts must have their kitchen plans approved before establishing these businesses. These rules also apply to home-based businesses. You will need to contact the state or the county sanitarian (an on-site inspector of restaurants and food preparation facilities).

Memphis, Shelby County  
Health Department  
814 Jefferson Ave.  
Memphis, TN 38105  
(901) 544-7760  
[www.shelbycountyttn.gov](http://www.shelbycountyttn.gov)

DeSoto County Health Department  
2705 Highway 51 South  
Hernando, MS 38632  
(662)429-9814  
<http://www.msdh.state.ms.us/index.htm>

Division of Environmental Health Protection  
Arkansas Department of Health  
4815 West Markham  
Little Rock, AR 72205  
Phone: (501) 661-2171 (state sanitarian)  
<http://www.healtharkansas.com>

**The Alcoholic Beverages Control Division (ABC)** conducts a 4-hour educational seminar twice monthly. Applicants are required to attend before a permit is issued. Additionally, permits may be required to sell Cigarettes, Tobacco, Amusement, and Vending Machines or to operate an adult, senior or child facility. Plan to attend even if buying a business with an existing permit. Tennessee ABC Division- (615) 741-1602, [www.state.tn.us/abc/](http://www.state.tn.us/abc/). Mississippi ABC Division . Arkansas Alcoholic Beverage Control Enforcement Division- (501) 682-8174, [www.state.ar.us/dfa/abc\\_enforcement/abcenf\\_index.html](http://www.state.ar.us/dfa/abc_enforcement/abcenf_index.html).

### STATE OF TENNESSEE (BOARD OF LICENSING CONTRACTORS)

Any person, business, or sub-contractor making any type of improvement to real property where the job is less than \$25,000.00 and requires a permit from the Memphis and Shelby County Construction Code Enforcement Office (Building Permits Section) are subject to and must obtain a State of Tennessee Home Improvement License. Any person, business, or prime contractor performing a construction job in excess of \$25,000.00 are subject to and must obtain a State of Tennessee General Contractors License. For more information or interpretations contact The Board for Licensing Contractors 500 James Robertson Parkway, Nashville, TN 37219, or call (615)741-8307 for General Contractors License, or 1(800) 544-7693 for Home Improvement License.

### WORKMAN'S COMPENSATION INSURANCE

Tennessee law requires any employer with five or more employees to provide protection under the State's workers compensation insurance laws. Information concerning this requirement and its compliance may be obtained by contacting the Tennessee Department of Labor at its local office at 170 N. Main St., 11th floor, Memphis, TN 38103 or call (901) 543-6077 or 1(800)332-2667.

# BUSINESS START UP & HELP GUIDE

## ADDITIONAL BUSINESS INFORMATION

### MEMPHIS LIGHT, GAS AND WATER

If the procurement and maintenance of utility services to a business location is the responsibility of the operator and not provided as part of a commercial lease agreement, requests for information and applications should be directed to Memphis Light, Gas and Water Division at 245 South Main St., Memphis, TN 38103, (901) 544-MLGW. A deposit or letter of credit may be required to establish utility service for a new business.

### AT&T-BELLSOUTH

Information concerning the establishment of telephone service for a new business may be obtained by contacting South Central Bell's commercial office at 1(866)459-2653 or visit their site at <http://smallbusiness.bellsouth.com/>. A deposit may be required to establish telephone service for a new business.

### TENNESSEE DEPARTMENT OF LABOR & WORKFORCE

Generally speaking, an owner/operator of a small business is not an employee of that business. However, if the business hires someone to work for an agreed compensation, that individual may be an employee; and the hiring of an employee may require quarterly reporting and remittance to the state. Information concerning the applicability of state employment and regulations can be obtained through the Tennessee Department of Employment Security at its local office, 1309 Poplar Ave., Memphis, TN 38104 or call (901) 543-7543 or 1(800)344-8337.

### MEMPHIS FIRE PREVENTION BUREAU

(901) 320-5401, 2668 Avery Ave., Memphis, TN 38112, <http://www.cityofmemphis.org/>

The Memphis Fire Prevention Bureau is a department within the Memphis Fire Department that performs building inspections, electrical inspections and plumbing inspections for businesses prior to the issuing of a use and occupancy permit. After the fact, they perform routine inspections to assure that safety standards are being met. They are available to answer any questions regarding safety standards and/or requirements.

### SHELBY COUNTY FIRE DEPARTMENT

(901) 379-7076, 1115 Sycamore View Dr., Memphis, TN 38134, [www.shelbycountyttn.gov](http://www.shelbycountyttn.gov)

Information regarding fire safety and prevention may be obtained through the Shelby County Fire Department. Businesses located in unincorporated areas of Shelby County are subject to inspection to assure that fire codes are being met.

### EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

(901) 544-0115 or (800) 669-4000, 1407 Union Ave., Suite 621, Memphis, TN 38104, <http://www.eeoc.gov/memphis/>

The Equal Employment Opportunity Commission is available to provide information on Title 7 of The Civil Rights Act of 1964 which prohibits discrimination on the basis of race, sex, color, religion or national origin. The Commission also provides information regarding the Age Discrimination Act, the Equal Employment Act, and the Americans with Disabilities Act.

### STATE OF TENNESSEE, DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

(901) 543-6277, 170 N. Main St., Suite 1212, Memphis, TN 38103, <http://www.state.tn.us/ecd/>

TECD offers a variety of services & incentives to businesses located in the State of Tennessee. They offer programs targeted to small businesses, a variety of loan programs, training & education opportunities and business directories.

### INTERNATIONAL BUSINESS DEVELOPMENT

(Please see Memphis Regional Chamber, p. 7)

### STATE OF TENNESSEE, BUSINESS ENTERPRISE RESOURCE OFFICE,

Sharon Taylor McKinney (901) 543-7426 By appointment only, 170 N. Main St., Memphis, TN 38103, [www.state.tn.us/ecd/bizserv\\_minority.htm](http://www.state.tn.us/ecd/bizserv_minority.htm),

The Business Enterprise resource office (BERO) provides counseling for start-up and existing businesses, makes referrals for technical assistance, arranges training seminars and also provides information on procurement opportunities within the State Government. In addition, a support staff in Nashville assists with procurement, research, finance and training.

### SEEDCO FINANCIAL,

(901) 528-1204 22 N. Front St., Memphis, TN 38103, [www.seedcofinancial.org](http://www.seedcofinancial.org) A national community development intermediary that designs & operates innovative programs for workforce development, asset building, economic development and community finance. Call now for more information.

# BUSINESS START UP & HELP GUIDE

## BUSINESS REFERENCES & ASSOCIATIONS

### THE MEMPHIS REGIONAL CHAMBER

(901) 543-3500, 22 N. Front St., Suite 200, Memphis, TN 38103, [www.memphischamber.com](http://www.memphischamber.com)

The Memphis Regional Chamber offers small businesses a variety of services, including information on available real estate including industrial buildings, land, and office space, area demographics, wage rates, business seminars, and financial assistance. In addition the Chamber's International Department offers an array of programs and services designed to create a more globally competitive environment for Memphis area businesses. Programs include training on exporting and importing, the International Business Directory, the International Business Council, International Commerce Day, trade missions, incoming delegations, and a variety of publications.

### RENAISSANCE BUSINESS CENTER

(901) 526-9300, 555 Beale St., Memphis, TN 38103, <http://www.cityofmemphis.org/rbc> , <http://www.tsfdc.org>

The center provides a wide range of services for individuals interested in starting a business. These services include: counseling, seminars, training, workshops, and financial and marketing assistance.

### SMALL BUSINESS ADMINISTRATION, MEMPHIS OFFICE

(901) 526-9300, 555 Beale St., Memphis, TN 38103, [www.sba.gov](http://www.sba.gov)

The Small Business Administration (SBA) provides financial, technical and management assistance to help individuals start, maintain and grow their small businesses. SBA is the nation's largest single financial backer of small businesses. The local representative is housed at the Renaissance Business Center.

### SCORE

(901) 544-3588, 5100 Poplar, Suite 1701, Memphis, TN 38137, [www.scorememphis.org](http://www.scorememphis.org)

SCORE is a non-profit association with 389 locations throughout the United States. Local chapters provide free counseling and low cost workshops in their communities. SCORE members are experienced business experts who are presently working or who are retired business executives, business owners or operations managers. They have received specialized training in counseling and mentoring on a variety of subjects including: How to Start a Business; Writing a Business Plan; Market Potential; Assessing Capital Needs; Cash Flow Management; Types of Organization; Buying a Business or Franchise; Keeping Records; Insurance Needs; Selling a Business.

### MEMPHIS AREA CAREER CENTER

(901) 545-2240, 444 North Main St., Ste. 2, Memphis, TN 38105, [www.memphiscareercenter.com](http://www.memphiscareercenter.com)

The center is a partnership between the private sector, non-profit agencies, and federal job training and education programs. It provides a variety of services including: Job Search & Labor Market Information; Computer Training; Unemployment Services; Career Counseling; Skills Training; Adult Education; Career Development Workshops; Resume Writing Workshops and Interviewing Skills.

### TENNESSEE VALLEY AUTHORITY

(901) 577-2600, 50 N. Front St., Suite 700, Memphis, TN 38103, <http://www.tva.gov/econdev/smallbiz.htm>

The TVA offers a variety of services and programs to assist small businesses located throughout the Tennessee Valley. These services include: The Small Business Loan Fund; On-line Business Resource Center; Minority Business Development Program and even instruction for companies interested in doing business with TVA.

### HISPANIC BUSINESS ALLIANCE (HBA)

(901) 266-2999 , 7845 U.S. Highway 64 Memphis, TN 38133, [www.hispanicalliance.org](http://www.hispanicalliance.org)

The HBA mission is to encourage and support the needs of Hispanic small businesses by working with educational, cultural, civic and service organizations within the business community to support trade with Hispanic businesses. The HBA is committed to the economic empowerment of small businesses in the State of Tennessee.

### BLACK BUSINESS ASSOCIATION - (BBA)

(901) 526-9300, 555 Beale St., Memphis, TN 38103, <http://www.bbamemphis.org/>

BBA is the largest trade association of its type in the Mid-South. Members include a variety of businesses and organizations uniting to improve business opportunities for minority entrepreneurs. BBA's community network and outreach efforts are designed to direct customer spending towards its members.

### MID-SOUTH MINORITY BUSINESS COUNCIL - (MMBC)

(901) 525-6512, 158 Madison Ave., Suite 300, Memphis, TN 38111

The MMBC's mission is to increase the participation of minority and women-owned businesses in the mainstream of the American free enterprise system. The Council provides development assistance to qualified entrepreneurs and works to maximize the volume of goods and services purchased from minority and women suppliers by major corporations, privately held companies and public sector institutions.