

10 Steps to Starting a Business

Starting a business involves making key financial decisions and completing a series of legal activities. This guide provides information to help you plan, prepare, and manage your business.

Information provided by the State of Mississippi, the Internal Revenue Service, and the U. S. Small Business Administration



Step 1

Research and Plan Your Business

Use these tools and resources to help you prepare your business plan and become a successful business owner.

Write a Business Plan

A well-written business plan is essential to starting and running a business. Business plans are required when applying for business loans or seeking investors. A good business plan describes in detail a business' mission and goals, and how these goals will be achieved. The following resources and links will help you develop a sound business plan.

- [How to Write a Business Plan](#)
Guidance on writing winning business plans.
- [Business Plan for Home Based Businesses](#)
Provides a comprehensive approach to developing a business plan for a home based business.
- [Free Business Planning Courses](#)
Free at-your-own-pace courses on developing and writing successful business plans.
- [Sample Business Plans](#)
Bplans.com is a commercial site providing access to hundreds of free sample business plans.
- [Podcast: Creating a Business Plan](#)
Expert advice on writing a good business plan. [Read the Transcript.](#)
- [Video: Business Planning & Research](#)
Successful entrepreneurs share the lessons they've learned about writing business plans.
- [Video: Business Planning Tutorials](#)
Business.gov's [Industry Word](#) author, Tim Berry, has created a series of videos that discuss ways to create a business plan without getting overwhelmed by the formalities of an official document.
- [Franchises and Business Opportunities](#)
Thinking about buying into a franchise? These resources will help you develop a plan and avoid costly pitfalls.
- [Start Up Assessment Tool](#)
This simple assessment tool is designed to help you better understand your readiness for starting a small business. Takes less than 5 minutes to complete.

U.S. Small Business Administration's [Small Business Planner](#) provides guides and resources on developing business plans and common-sense advice on starting a new business.

Visit the [Small Business Assistance and Training](#) page to learn about free counseling and training programs that are available to help you plan and start your small business.

Step 2

[Get Business Assistance and Training](#)

Take advantage of free training and counseling services, from preparing a business plan to getting financing, and help expanding and relocating a business.

Small Business Assistance & Training

Several free counseling and training programs are available to help you get started and expand your small business. These services cover all aspects of starting and running a business, from getting a loan to developing business plans and marketing strategies.

Online Tools & Resources

Your first step to finding help with starting and managing your small business should be the [Online Small Business Community](#). This community brings together entrepreneurs, small business owners, industry and government experts to share and discuss business issues and questions.

The SBA offers numerous online tools and resources to help new and aspiring business owners succeed:

- [Start Up Assessment Tool](#)
This simple assessment tool is designed to help you better understand your readiness for starting a small business. Takes less than 5 minutes to complete.
- [Free Online Training](#)
Free at-your-own-pace courses on a number of timely business topics, including starting a business, writing a business plan, and more.
- [Delivering Success Videos](#)
Successful entrepreneurs share the lessons they've learned about starting and managing small businesses.
- [Small Business Podcasts](#)
Expert advice on starting, financing and running a successful business.
- [Monthly Web Chats](#)
Transcripts of online chats with leading entrepreneurs and business experts.

In-Person Services Near You

The following programs provide local in-person counseling and training services for small business owners. Services cover all aspects of starting and running a business, from getting loans and financing to start or expand to developing business plans and marketing strategies.

Entrepreneurial Spirit

- [Small Business Development Centers](#)
Free start-up advice, training and counseling services for entrepreneurs and small businesses.

- [SBA District Offices](#)
Counseling, training and business development specialists who provide free and low-cost services in your area.
- [SCORE - Service Corps of Retired Executives Association](#)
Free mentoring, business counseling, and low-cost workshops in locations throughout the United States
- [Small Manufacturing Businesses - Training and Assistance Programs](#)
Free and low-cost services to help small manufacturers start, grow and succeed.
- [Women's Business Centers](#)
Educational resource centers designed to assist women start and grow small businesses.
- [Minority Business Development Centers](#)
Free business consulting services and financial management advice to minority-owned businesses throughout the U.S.

Mississippi Small Business Assistance

Several free counseling and training programs are available to help you get started and expand your small business. These services cover all aspects of starting and running a business, from getting a loan to developing business plans and marketing strategies.

- [Mississippi Small Business Development Center](#)
Free start-up advice, training and counseling services.
- [U.S. Small Business Administration \(SBA\) - Mississippi District Office](#)
Business development training programs and info on SBA loan programs.

There are also a number of local small business centers sponsored or partially funded by SBA that help **women and minorities** with start-up counseling and financial assistance:

- [MACE Women's Business Center](#)
Provides workshops, counseling, networking opportunities, technical assistance to new and existing women-owned businesses.

SCORE (Service Corps of Retired Executives Association), a non-profit organization and SBA partner, offers free mentoring, business counseling and low-cost workshops.

Contact your local SCORE for small business development programs in your area: [Gulf Coast SCORE](#)

Step 3

[Choose a Business Location](#)

Get advice about choosing a customer-friendly location and complying with zoning laws.

Choosing a Business Location

Selecting the right location involves basic considerations such as proximity to customers, ease of access, and leasing and zoning restrictions. Financial incentives and tax credits offered by your local government may also influence your decision.

These resources will help you understand some basic legal and regulatory issues you'll encounter when selecting a business location, as well as practical advice for choosing right business location.

General Resources

- **[Basics of Zoning Laws](#)**
Plain English guide to zoning laws that can affect where you locate your business.
- **[Zoning Laws for Home Based Businesses](#)**
Learn how to comply with local zoning laws when conducting business out of your home.
- **[Commercial Leases](#)**
Learn how to get the best commercial lease for your business.
- **[Business Location Tips](#)**
Get practical advice for selecting a winning business location.

Fast Facts for Business in Mississippi

- Find Out How to Do Business with the State of Mississippi

<http://www.dfa.state.ms.us/Purchasing/VendorInformation.html>

- Governor's Job Fair

- Labor Market Information

- Vendor Electronic Payment and Remittance Enrollment

Employment

Find important resources and information for both employees and employers.

Agriculture & Industry

See online information about agriculture and industry in Mississippi.

Legal Resources

Take advantage of legal resources for citizens, businesses and employees.

Professional Licenses

Look up professional licensing information for a variety of fields.

State Business Resources

Learn what additional resources are available for doing business in Mississippi.

Publications

Access a wealth of articles, research and other information about business in Mississippi.

Economic Development

Locate economic development agencies throughout the state.

Chambers of Commerce

Locate chambers of commerce throughout the state.

Online Services - Business

Don't get in line - explore the services that are available to you online.



Step 4

[Finance Your Business](#)

Find government backed loans, venture capital and research grants to help you get started.

Small Business Loans & Grants

Federal, state and local governments offer a wide range of financing programs to help small businesses start and grow their operations. These programs include low-interest loans, venture capital, and scientific and economic development grants.

Loans & Grants Resources

Use SBA's new [Loans and Grants Search Tool](#) to get a list of financing programs for which you may qualify, or visit the resources below to learn more about small business financing programs:

Find Loans and Grants Fast!

[Search for Loans & Grants](#) to find financing for your small business

- [Small Business Loans](#)
Loan program for starting or expanding your business.
- [Government Grants](#)
Learn the truth about getting free money from the government.
- [Seed and Venture Capital](#)
How to get money for hi-tech start-ups.
- [Tax-Exempt Bonds](#)
Learn about revenue bond financing opportunities for small manufacturers and non-profits.

Expert Insight & News

The [Loans and Grants Advisor](#) includes the latest information on about small business financing programs from federal, state, local agencies.

- [How to Find and Attract Investors](#)
Finding the right investor to finance your business plan can...
- [State Tax Requirements Affecting Small Businesses – Part 3](#)
This is part three in our series on State Issues...
- [Accepting Food Stamps Through the Supplemental Nutrition Assistance Program: An Emerging Customer Payment Option for Food Retailers](#)
In times of high unemployment, more and more families and...

- [State Tax Requirements Affecting Small Businesses – Part 2](#)

This is part two in our series on State Issues...

- [State Tax Requirements Affecting Small Businesses – Part 1](#)

In addition to federal tax obligations, small businesses are also...

Have a Question about Loans & Grants?

Visit the [Loans & Grants Discussion Board](#) to get answers to your questions, and discuss financing issues with other small business owners and industry experts.

- [My small Business](#)

Well , names Fred E Wilkes and I'm trying...

- [I need an investor for new exercise machine](#)

I need an investor for new exercise machine. To view...

- [Are grants taxable income to the recipient?](#)

This thread has been moved to the Taxes Board.

- [I need feedback regarding a class project...](#)

I am working on a business plan for a...

Step 5

Determine the Legal Structure of Your Business

Decide whether you are going to form a sole proprietorship, partnership, LLC, corporation, non-profit or cooperative.

Business Incorporation

When beginning a business, you must decide what form of business entity to establish. Your form of business determines the amount of regulatory paperwork you have to file, your personal liability regarding investments into your business, and the taxes you have to pay. You may need to contact several federal agencies as well as your [state business entity registration office](#).

Business.gov has detailed information on the most common business structures:

- [Sole Proprietorship](#) - A business owned and managed by one individual who is personally liable for all business debts and obligations.
- [Partnership](#) - A single business owned by two or more people.
- [Corporation](#) - A legal entity owned by shareholders.
- [S Corporation](#) - A special type of corporation created through a tax election. An eligible domestic corporation can avoid double taxation (once to the shareholders and again to the corporation) by electing to be treated as an S corporation.
- [Limited Liability Company \(LLC\)](#) - A hybrid legal structure that provides the limited liability features of a corporation and the tax efficiencies and operational flexibility of a partnership.
- [Non Profit](#) - An organization engaged in activities of public or private interest where making a profit is not a primary mission. Some non-profits are exempt from paying federal taxes.
- [Cooperative](#) - A business or organization owned by and operated for the benefit of those using its services. Cooperatives are not a legal structure.

Registering Your Business

If you decided to create a corporation, a non-profit, a limited liability company or a partnership (limited, or limited liability), you will have to register your business and file certain documents with your state government. If your business is a sole proprietorship, you do not need to register your business with the state. However, many states require a sole proprietor to use their own name for the business name unless they formally file another name as a trade name, or a fictitious name.

Step 6

[Register a Business Name \("Doing Business As"\)](#)

Register your business name with your state government.

Business Name Registration (Doing Business As)

The legal name of a business is the name of the person or entity that owns a business. If you are the sole owner of your business, its legal name is your full name. If your business is a partnership, the legal name is the name given in your partnership agreement or the last names of the partners. For limited liability corporations (LLCs) and corporations, the business' legal name is the one that was registered with the state government.

Your business' legal name is required on all government forms and applications, including your application for employer tax IDs, licenses and permits. However, if you want to open a shop or sell your products under a different name, then you may have to file a "fictitious name" registration form with your government agency.

A fictitious name (or assumed name, trade name, or DBA name, short for "doing business as") is a business name that is different than your personal name, the names of your partners or the officially registered name of your LLC or corporation.

For example, let's say Mary Smith is a sole proprietor of a catering company she runs out of her house. Mary wants to name her business Seaside Catering instead using her business' legal name, Mary Smith. In order to use Seaside Catering, Mary will need to register that name as a fictitious business name with a government agency. Which government agency, depends on where she lives. In some states, fictitious names are registered with the state government; in others, you register fictitious names with the county clerk's office; and in others, there are no laws requiring businesses to register a fictitious business names.

The State of Mississippi does not require a business to register an assumed business name.

Step 7

[Get a Tax Identification Number](#)

Learn which tax identification number you'll need to obtain from the IRS and your state revenue agency.

Employer and Tax Identification Numbers

All businesses are required to pay federal, state, and in some cases, local taxes. Most businesses will need to register with the IRS and state and local revenue agencies, and receive a tax ID number or permit.

The following resources will help determine your tax registration requirements.

Employer Identification Number (EIN)

An EIN is also known as a federal tax identification number, and is used to identify a business entity. Employers with employees, business partnerships, and corporations and other types of organizations, must obtain an EIN from the U.S. Internal Revenue Service. The EIN is also known as an Employer Tax ID and Form SS-4:

U.S. Internal Revenue Service

Phone: 1-800-829-4933

- [Guide to the Employer Identification Number](#)
- [Apply for an EIN Online](#)

If you've misplaced your EIN, need to establish an EIN, or want to look up another business's EIN, read [Answers to Frequently Asked Tax ID Questions](#).

State Tax Registration

Businesses that operate within the state are required to register for one or more tax-specific identification numbers, licenses or permits, including income tax withholding, sales and use tax (seller's permit), and unemployment insurance tax. The [State Tax Guide](#) provides links to information about business registration requirements and your tax obligations in your state.

Step 8:

[Register for State and Local Taxes](#)

Register with your state to obtain a tax identification number, workers' compensation, unemployment and disability insurance.

State Taxes

In addition to business taxes required by the federal government, you will have to pay some state and local taxes. Each state and locality has its own tax laws. The links below provide access to key resources that will help you learn about your state tax obligations. The most common types of taxes requirements for small business include:

Tax Permit: In most states, business owners are required to register their business with a state tax agency and apply for certain tax permits. For example, in order to collect sales tax from customers, many states require businesses to apply for a state sales tax permit.

Income Taxes: Nearly every state levies a business or corporate income tax. Your tax requirement depends on the legal structure of your business. For example, if your business is an LLC, the LLC gets taxed separate from the owners, while sole proprietors report their personal and business income taxes using the same form. Consult the General Tax Information link under your state for specific requirements.

Employment Taxes: In addition to federal employment taxes, business owners with employees are also responsible for paying certain taxes required by the state. All states require payment of state workers' compensation insurance and unemployment insurance taxes. Five states (California, Hawaii, New Jersey, New York, and Rhode Island) and Puerto Rico require businesses to pay for temporary disability insurance.

Mississippi

The following links provide guidance on Mississippi state taxes:

- [Business Tax Registration](#)
- [General Tax Information and Forms](#)
- [Workers' Compensation Insurance](#)
- [Unemployment Insurance Tax](#)

Step 9

Obtain Business Licenses and Permits

Get a list of federal, state and local licenses and permits required for your business.

Business Licenses and Permits

Every business needs one or more federal, state or local licenses or permits to operate. Licenses can range from a basic operating license to very specific permits, (e.g., [environmental permits](#)).

Regulations vary by industry, state and locality, so it's very important to understand the licensing rules where your business is located. Not complying with licensing and permitting regulations can lead to expensive fines and put your business at serious risk.

How to Get Licenses and Permits

Business.gov's **Permit Me** tool allows you to get a listing of federal, state and local permits, licenses, and registrations you'll need to run a business.

Step 1: Tax Registration

Employer Identification Number (EIN)

Employers with employees, business partnerships, and corporations, must obtain an Employer Identification Number (EIN) from the U.S. Internal Revenue Service. The EIN is also known as an Employer Tax ID and Form SS-4.

U.S. Internal Revenue Service

Phone: 1-800-829-4933

- [Guide to the Employer Identification Number](#)
- [Apply Online](#)

Mississippi Tax Registration

Businesses that operate within Mississippi are required to register for one or more tax-specific identification numbers, licenses or permits, including income tax withholding, sales and use tax (seller's permit), and unemployment insurance tax. Contact the following agency for more information about business registration and your tax obligations:

- [Business Tax Registration](#)
- [General Tax Information and Forms](#)

Step 2: Business Licenses

General Business Licenses

Information about how to obtain business and occupational licenses and permits.

- [Professional and Occupational Licenses](#)

Step 3: Local Permits

You may be required to apply for permits and licenses from your local government (e.g., city or county). Every place has different requirements. The following are common types of local permits and licenses.

- **Business Licenses / Tax Permits** - from your city or county clerk or revenue department. Many jurisdictions require a trader's license or tax certificate in order to operate.
- **Building Permit** - from your city or county building and planning department. This permit is generally required if you are constructing or modifying your place of business.
- **Health Permit** - from your city or county health department.
- **Occupational Permit** - from your city or county building and planning development department. This permit is required for home-based business in some jurisdictions.
- **Signage Permit** - from your city or county building and planning department. Some jurisdictions require a permit before you can erect a sign for your business.
- **Alarm Permit** - from your city or county police or fire department. If you have installed a burglar or fire alarm, you will likely need an alarm permit.
- **Zoning Permit** - from your city or county building and planning department. This permit is generally required if you are developing land for specific commercial use.

Depending on the nature of your business, you may need other types of licenses specific to your business. Check with the following local government(s) for more information:

- [Pascagoula, MS](#)
- [Jackson County, MS](#)

Step 4: Incorporation Filing

If your business is a corporation, a non-profit, a limited liability company or a partnership (limited, or limited liability) you must register with the following state agency. If your business is a sole proprietorship, you do not need to register your business with the state. However, many states require a sole proprietor to use their own name for the business name unless they formally file another name as a trade name, or fictitious name.

- [Business Entity Registration - Forms and Applications](#)

Step 5: Doing Business As (DBA)

A fictitious name filing, also known as Doing Business As or DBA, allows you to create name for your business that is different than your personal name, the names of your partners or the officially registered name of your LLC or corporation.

The State of Mississippi does not require a business to register an assumed business name.

Step 6: Employer Requirements

This section describes basic registration requirements for businesses with employees. If you are a new employer, check out [Ten Steps to Hiring Your First Employee](#)

Withholding Income Taxes

The IRS states that you must keep [records of employment taxes](#) for at least four years. Also, keep good records for your business to help you monitor the progress of your business, prepare your financial statements, identify source of receipts, keep track of deductible expenses, prepare your tax returns, and support items reported on tax returns.

Federal Income Tax Withholding (Form W-4)

Every employee must provide an employer with a signed withholding exemption certificate (Form W-4) on or before the date of employment. The employer must then submit Form W-4 to the IRS to ensure. For specific information on employer responsibilities regarding withholding of federal taxes, read the IRS' [Employer's Tax Guide](#).

Federal Wage and Tax Statement (Form W-2)

On an annual basis, employers must report to the federal government wages paid and taxes withheld for each employee. This report is filed using Form W-2, Wage and Tax Statement. Employers must complete a Form W-2 for each employee to whom they pay a salary, wage, or other compensation.

Employers must send Copy A of Forms W-2 (Wage and Tax Statement) to the Social Security Administration (SSA) by the last day of February (or last day of March if you file electronically) to report the wages and taxes of your employees for the previous calendar year. In addition, employers should send copies of Form W-2 to their employees by January 31 of the year following the reporting period.

Visit the Social Security Administration's [Employer W-2 Filing Instructions and Information](#) for further guidance and assistance.

State Taxes

Depending on the state where your employees are located, you may be required to withhold state income taxes. Visit your [state tax agency](#) for further information.

Employee Eligibility Verification (I-9 Form)

Employees hired after November 6, 1986 must provide proof of eligibility to work in the United States. Federal law requires employers to verify an employee's eligibility to work in the United States. Within three days of hire employers must complete an Employment Eligibility Verification Form, commonly referred to as an I-9 form.

- [Download Form I-9 \(Employment Eligibility Verification\)](#)
All U.S. employers are responsible for completion and retention of Form I-9 for each individual they hire for employment in the United States, including citizens and non-citizens.
- [Instructions for Completing the I-9: Handbook for Employers](#)
A comprehensive guideline for completing Form I-9, Employment Eligibility Verification.
- [Small Business Guide to Immigration Regulations](#)
Provides a summary of immigration laws most important to small business owners, including information about completing the I-9 form.

New Hire Reporting

All employers are required to report newly and re-hired employees to their state's Directory of New Hires within 20 days of their hire or re-hire data.

- [Report New Hires](#)

Insurance Requirements

Unemployment Insurance Tax

Businesses with employees are required to pay unemployment insurance taxes under certain conditions. If your business is required to pay these taxes, you must register your business with your state's workforce agency: [Get Unemployment Tax Requirements](#)

Workers' Compensation Insurance

Businesses with employees are required to carry Workers' Compensation Insurance coverage through a commercial carrier, on a self-insured basis, or through the state Workers' Compensation Insurance program.

- [Find Workers' Comp Requirements](#)

For guidance on obtaining general business and liability insurance, visit the [Business Insurance Guide](#)

Workplace Poster Requirements

Employers are required by state and federal laws to prominently display certain posters in the workplace that inform employees of their rights and employer responsibilities under labor laws.

Federal Posters

The U.S. Department of Labor provides the following resources and tools to help employers obtain required posters:

- [Workplace Poster Requirements for Small Businesses](#)
Concise guide to all federal labor poster requirements
- [Poster Advisor](#)
A step-by-step guide to help employers understand poster requirements.

State Posters

Obtain workplace posters required under state labor laws:

- [Get Workplace Posters](#)

Step 10

[Employer Responsibilities](#)

Learn the legal steps you need to take to hire employees.

Ten Steps to Hiring Your First Employee

Guide for New Employers

The good news is that business is booming. The bad news is there's only one of you. It's time to take the plunge and hire some help. There are many good sources of information about finding the right people, writing job descriptions, interviewing candidates, and managing people once they are on board. While those are all important issues, understanding your regulatory requirements as an employer is crucial to the success of your business. This guide lays out ten easy steps for new employers to follow to ensure compliance with key federal and state regulations.

Step 1: Obtain an Employer Identification Number (EIN)

Before hiring employees, you need to get an employment identification number (EIN) from the U.S. Internal Revenue Service. The EIN is often referred to as an Employer Tax ID or as Form SS-4. The EIN is necessary for reporting taxes and other documents to the IRS. In addition, the EIN is necessary when reporting information about your employees to state agencies. To obtain an EIN, you can apply online or contact the IRS directly.

U.S. Internal Revenue Service

Phone: 1-800-829-4933

- [Guide to the Employer Identification Number](#)
- [Apply for an EIN Online](#)

Step 2: Set up Records for Withholding Taxes

The IRS states that you must keep [records of employment taxes](#) for at least four years. Also, keep good records for your business to help you monitor the progress of your business, prepare your financial statements, identify source of receipts, keep track of deductible expenses, prepare your tax returns, and support items reported on tax returns.

Federal Income Tax Withholding (Form W-4)

Every employee must provide an employer with a signed withholding exemption certificate (Form W-4) on or before the date of employment. The employer must then submit Form W-4 to the IRS to ensure. For specific information on employer responsibilities regarding withholding of federal taxes, read the IRS' [Employer's Tax Guide](#).

Federal Wage and Tax Statement (Form W-2)

On an annual basis, employers must report to the federal government wages paid and taxes withheld for each employee. This report is filed using Form W-2, Wage and Tax Statement. Employers must complete a Form W-2 for each employee to whom they pay a salary, wage, or other compensation.

Employers must send Copy A of Forms W-2 (Wage and Tax Statement) to the Social Security Administration (SSA) by the last day of February (or last day of March if you file electronically) to report the wages and taxes of your employees for the previous calendar year. In addition, employers should send copies of Form W-2 to their employees by January 31 of the year following the reporting period.

Visit the Social Security Administration's [Employer W-2 Filing Instructions and Information](#) for further guidance and assistance.

State Taxes

Depending on the state where your employees are located, you may be required to withhold state income taxes. Visit your [state tax agency](#) for further information.

Step 3: Employee Eligibility Verification (Form I-9)

Federal law requires employers to verify an employee's eligibility to work in the United States. Within three days of hire employers must complete an Employment Eligibility Verification Form, commonly referred to as an I-9 form, and by examining acceptable forms of documentation supplied by the employee, confirm the employee's citizenship or eligibility to work in the United States. Employers can only request documentation specified on the I-9 form. Employers who ask for other types of documentation not listed on the I-9 form may be subject to discrimination lawsuits.

Employers do not file the I-9 with the federal government. Rather, an employer is required to keep an I-9 form on file for 3 years after the date of hire or 1 year after the date the employee's employment is terminated, whichever is later. The U.S. Immigration and Customs Enforcement (ICE) agency conducts routine workplace audits to ensure that employers are properly completing and retaining I-9 forms, and that employee information on I-9 forms matches government records.

- [Download Form I-9 \(Employment Eligibility Verification\)](#)
All U.S. employers are responsible for completion and retention of Form I-9 for each individual they hire for employment in the United States, including citizens and non-citizens.
- [Instructions for Completing the I-9: Handbook for Employers](#)
A comprehensive guide to completing Form I-9, Employment Eligibility Verification.
- [Small Business Guide to Immigration Regulations](#)
Provides a summary of immigration laws most important to small business owners, including information about completing the I-9 form.

Employers can use information taken from the Form I-9 to verify electronically the employment eligibility of newly hired employees through E-Verify. To get started [register with E-Verify](#) to virtually eliminate Social Security mismatch letters, improve the accuracy of wage and tax reporting, protect jobs for authorized workers, and help maintain a legal workforce.

Step 4: Register with Your States New Hire Reporting Program

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 requires all employers to report newly hired and re-hired employees to a state directory within 20 days of their hire or rehire date.

Visit the [New Hires Reporting Requirements](#) page to learn how to register with your state's New Hire Reporting System.

Step 5: Obtain Workers' Compensation Insurance

Businesses with employees are required to carry Workers' Compensation Insurance coverage through a commercial carrier, on a self-insured basis, or through the state Workers' Compensation Insurance program. Visit your state's [Workers' Compensation Office](#) more information on your state's program

Step 6: Unemployment Insurance Tax Registration

Businesses with employees are required to pay unemployment insurance taxes under certain conditions. If your business is required to pay these taxes, you must register your business with your state's workforce agency. The [State Taxes](#) page includes links to your state's agency.

Step 7: Obtain Disability Insurance (If Required)

Some states require employers to provide partial wage replacement insurance coverage to their eligible employees for non-work related sickness or injury. Currently, if your employees are located in any of the following states, you are required to purchase disability insurance:

- [California](#) - Employment Development Department
- [Hawaii](#) - Unemployment Insurance Division
- [New Jersey](#) - Dept of Labor and Workforce Development
- [New York](#) - New York State Workers' Compensation Board
- [Puerto Rico](#) - Departamento del Trabajo y Recursos Humanos / Department of Labor and Human Resources
- [Rhode Island](#) - Rhode Island Dept of Labor and Training

Step 8: Post Required Notices

Employers are required by state and federal laws to prominently display certain posters in the workplace that inform employees of their rights and employer responsibilities under labor laws. These posters available from free from federal and state labor agencies. Visit the [Workplace Posters](#) page for specific federal and state posters you'll need for your business.

Step 9: File Your Taxes

If you are new employer, there are new federal and state tax filing requirements that apply to you.

Generally, each quarter, employers who pay wages subject to income tax withholding, social security, and Medicare taxes must file IRS Form 941, Employer's Quarterly Tax Return. Small businesses an annual income tax liability of \$1,000 or less may file IRS Form 944, Employer's Annual Federal Tax Return instead of Form 941.

You must also file IRS Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return, if you paid wages of \$1,500 or more in any calendar quarter or you had one or more employees work for you in any 20 or more different weeks of the year.

New and existing employers should consult IRS' [Employer's Tax Guide](#) to understand all their federal tax filing requirements.

Visit your [state tax agency](#) for specific tax filing requirements for employers.

Step 10: Get Organized and Keep Yourself Informed

Being a good employer doesn't stop with fulfilling your various tax and reporting obligations. Maintaining a healthy and fair workplace, providing benefits, and keeping employees informed about your company's policies are key to your business' success. Here are some additional steps you should take after you've hired your employees:

- **Set up Recordkeeping**

In addition to requirements for keeping payroll records of your employees for tax purposes, certain federal employment laws also require you to keep records about your employees. You may be subject to state recordkeeping requirements as well. Therefore, it's good practice to set up a sound, organized system for maintaining all personnel records. The following sites provide more information about federal reporting requirements:

- [Tax Recordkeeping Guidance](#)

Resources and tools aimed at helping employers maintain their tax records.

- [Labor Recordkeeping Requirements](#)

Employment laws such as the Occupational Safety and Health (OSH) Act, the Fair Labor Standards Act (FLSA) and the Family and Medical Leave Act (FMLA), have certain recordkeeping and/or reporting requirements.

- **Adopt Workplace Safety Practices**

The Occupational Safety and Health Administration's (OSHA) [Quick Start](#) tool provides a clear, step-by-step guide that helps you identify many of the major OSHA requirements and guidance materials that may apply to your workplace.

- **Understand Employee Benefit Plans**

If you will be providing benefits to your employees, you should become familiar with the uniform minimum standards required by federal law to ensure that employee benefit

plans are established and maintained in a fair and financially sound manner. See the U.S. Department of Labor's Employment Law Guide's chapter on [Employee Benefit Plans](#) for more information.

- **Learn Management Best Practices**

While you aren't legally required to be a good manager, it sure helps when trying to recruit and retain good employees. The U.S. Small Business Administration's [Guide to Managing Employees](#) provides sound guidance on hiring, motivating, and directing employees.

- **Apply Standards that Protect Employee Rights**

Complying with standards for employee rights in regards to equal opportunity and fair labor standards is a requirement. Following statutes and regulations for minimum wage, overtime, and child labor will help to avoid error and a lawsuit. See the Employment Law Guide's chapter on [Laws, Regulations and Technical Assistance Services](#) for information and [FirstStep Employment Law Advisor](#) for advice on federal requirements. Also, visit the [Equal Employment Opportunity Commission](#) (EEOC) and [Fair Labor Standards Act](#) (FLSA).