



Starting a Business in Iowa

Want to start a business in Iowa? America's SBDC Iowa will assist and walk you through all of the steps needed. Below are recommendations, references and resources to help you start.

Household Budget

What is your household budget? We ask this question of our clients so that you know how much money you need to maintain your lifestyle and to ensure that the business you are looking at buying or starting will financially fit your budget and lifestyle. If you don't know your household budget you can find templates on the Internet.

- Household Budget Completed

Financial Projections and Business Plan

These documents are needed to determine financial feasibility of the business start-up or purchase. You may download them from America's SBDC Iowa's website at www.iowasbdc.org or have your counselor provide them to you.

- Cost Worksheet/Revenue Projection Worksheet Completed
- Financial Projections Completed
- Financial Assumptions Completed
- Source and Use of Funds Completed
- Business Plan Completed - LivePlan® is recommended

Establish a Relationship with a Banker, including funding your business

- Business Loan
- Line of Credit
- Merchant Account/Credit Card Payments
- Business Checking/Savings Account
- Payroll Direct Deposit

Business Legal Structure

The legal structure decision involves legal, tax, and liability considerations.

- The Iowa Secretary of State Office provides information on choosing a legal structure. Go to www.sos.state.ia.us and select *Business Services* and click on *Starting a Business*. <http://www.iasourcelink.com/regulatory/basics-of-business-entities>.
- To search available business names for an LLC or Corporation, on the same website, select *Search Database* and click on *Business Entities*.
- To form a **Limited Liability Company (LLC)**, file a Certificate of Organization with the Iowa Secretary of State.
- To form an **S-Corporation, C-Corporation, partnership, or limited liability partnership** you should seek advice from a tax accountant and contact an attorney for assistance in filing the required documents with the Iowa Secretary of State.
- If you are doing business as a **Sole Proprietorship or General Partnership**, file your Trade Name with the County Recorder. You do not need to file anything with the Iowa Secretary of State.

Federal, State, and Local Permits, Licenses, and Regulations

- Federal - Apply for your EIN online at <https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>. You will need this to open a business bank account and for payroll taxes.
- State – Iowa does not have a general business permit or license requirement. To determine what permits or license are specific to your business go to <http://www.iasourcelink.com/regulatory/business-license-home>.
- Local - Check with City Hall on zoning restrictions and requirements.
- Local - Check with City Hall for signage permits, outdoor seating permits, and any other permits needed locally for your business. Contact the local Chamber of Commerce and/or Economic Development organization for assistance with local regulations and assistance programs.
- Local - If you are buying an existing building or building a new one, contact your city Building Inspector and Fire Marshall to make sure the building is up to code.

State Business Tax Application

- The Iowa Department of Revenue provides information and resources for starting a business in Iowa at www.iowa.gov/tax/index.html - under *Businesses*, click on *Starting a New Business or Self Employment*.
- IA Sourcelink offers free webinars on taxes. For a listing of upcoming and archived webinars go to www.iasourcelink.com/resources/business-webinars/iowa-tax-webinars.

Iowa Sales and Use Tax

It is the business owner's responsibility to determine if their business should be collecting and remitting sales and use tax to the Iowa Department of Revenue. Sales tax education and registration information include:

- For information on Iowa Sales and Use Taxes go to <https://tax.iowa.gov/iowa-sales-and-use-tax-guide>. To determine if the services you provide are taxable go to <https://tax.iowa.gov/iowa-sales-and-use-tax-taxable-services-0>
- Register your business for sales and use tax, withholding tax, hotel/motel tax, and others with the Iowa Department of Revenue online at www.idr.iowa.gov/CBA/start.asp. Note, if you have employees, you will be the withholding agent.
- If you are purchasing items for resale, you must give your suppliers a [Sales Tax Exemption Certificate](#). These are available at <https://tax.iowa.gov/sites/files/idr/forms1/SalesTaxExemptionCertif%2831014%29.pdf>.

Insurance

Every business has different insurance needs.

- Business and Liability Insurance is not required but you should carry it. Contact your insurance agent.
- Business renter's insurance and inventory coverage. Contact your insurance agent.
- Workers Compensation Insurance. Contact your insurance agent.

Set-up a bookkeeping system, either computerized or manual.

A well-defined and well-maintained bookkeeping system will help the business owner keep track of records to pay the correct amount of tax, both state and federal. It is the business owner's responsibility

to pay the correct amount of tax, at the correct time, to the correct federal or state agency. If you do not, you could incur substantial penalties, interest, and the possibility of going to jail.

- Do it yourself - QuickBooks, a spreadsheet, or a ledger book
- Hire it out - Find a bookkeeper or accounting firm

Put marketing materials together and decide on BRANDING, logo, colors, tag line

- Logo, colors, tag line
- Business cards
- Outdoor signage and indoor signage
- Social media and website, print, radio, promotional items

Hire Employees

State Employment Taxes

- Complete an Iowa W-4 and Centralized Employee Registry (top portion of the Iowa W-4) for each employee. The forms can be found at <https://tax.iowa.gov/form-types/withholding-tax?combine=W-4>.
- For more information on withholding Iowa employment taxes go to <https://tax.iowa.gov/iowa-withholding-tax-information-booklet#yestax>.
- For the Iowa Withholding Tax Guide go to https://tax.iowa.gov/sites/files/idr/forms1/44001_0.pdf.

Federal Employment Taxes

- Excellent virtual workshops on Federal taxes are available at www.irsvideos.gov/SmallBusinessTaxpayer/virtualworkshop.
- If you have employees, your business must have a Federal Employee Identification Number (EIN).
- Apply for your EIN online at <https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>
- Complete a Federal W-4 for each employee. The forms can be found at www.irs.gov/pub/irs-pdf/fw4.pdf.
- For more information on Federal Employment Taxes go to <https://www.irs.gov/businesses/small-businesses-self-employed/employment-taxes>.

Labor Laws

- Detailed information on a wide range of Iowa labor laws and regulations can be found at <https://www.iowadivisionoflabor.gov>.
- Workplace Postings – Employers are required by both federal and state law to display certain posters in the workplace. These posters cover various areas of employee rights and employer responsibilities. Required and recommended postings are available at <https://www.iowaworkforcedevelopment.gov/required-employer-posters>.
- To help determine if an individual is an employee or an Independent Contractor go to <https://tax.iowa.gov/employers-do-you-have-employees-or-independent-contractors>.
- You are required to keep on file an I-9 for all employees and owners. The form can be found at

- <https://www.uscis.gov/i-9>.
- OSHA regulations are under the Iowa Occupational Safety and Health Enforcement department. Information can be found at <https://www.iowaosha.gov/iowa-osha>. Information on OSHA regulations for new businesses go to www.osha.gov/dcsp/smallbusiness/ and https://www.osha.gov/OshDoc/data_General_Facts/newbusinesses-factsheet.html.

Unemployment Insurance

- Once you start hiring employees, you need to setup an Unemployment Account with Iowa Workforce Development – <https://www.iowaworkforcedevelopment.gov/unemployment-insurance-tax-and-audit>.

Restaurants, Food Vendors, Food Trucks

- These types of businesses must obtain specific permits from Iowa Inspection and Appeals <https://dia.iowa.gov/food-consumer-safety/food-safety-license-applications>.
- ServeSafe Certification is also required by food handlers in Iowa. See the Iowa Restaurant Association’s website for classes and more details. <https://www.restaurantiowa.com/servsafe-classes/>

General Construction Contractors

- All Construction Contractors must register with Iowa Workforce Development at <http://www.iowadivisionoflabor.gov/licenses-permits-and-registrations>. Please read this carefully as you may or may not be required to pay a registration fee.

Doing Business With the Government

- Iowa: Targeted Small Business:** Contact the Iowa Economic Development Authority at <https://www.iowaeconomicdevelopment.com/aspx/tools/programDetails.aspx?pid=48&ppid=86>
- Federal Government:** Contact the Center for Industrial Research and Service at Iowa State University at <http://www.ciras.iastate.edu/procurement/>
- Federal Government:** Contact the SBA at <https://www.sba.gov/contracting>

This is a suggested list of steps to start a new business. Each business start-up is unique, so the steps taken to start a new business will vary among entrepreneurs. For assistance, contact the America’s SBDC Iowa office nearest you, which can be found at www.iowasbdc.org under Locations.



U.S. Small Business Administration
Morrill Road, Ames, Iowa 50011. Tel. 515-294-7612, Hotline: 515-294-1222, email eooffice@iastate.edu.

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