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# New Business Checklist: Requirements for (Nearly All) New South Carolina Businesses

This new small business checklist has been organized based upon the key topics and/or offices responsible for these requirements. All items pertaining to a particular topic/office are organized by sections in this document. This will help navigate the many areas that new small businesses and corporations are required to address.

**Activities through the Secretary of State:**

Registering your new business:

* Access [www.scbos.sc.gov](http://www.scbos.sc.gov/) to register a new business/corporation with the Secretary of State. Once the name is registered, you will be sent a Certificate of Existence either via mail or email. If you are considering operating a business website, it is good to verify that your business name is the same as your web domain name. Sign up for both names at the same time. Secure a registered name before fulfilling other requirements.

Additional requirements with the Secretary of State for corporations, limited partnerships:

* If operating as a limited partnership, prepare and file a Certificate of Limited Partnership with the Secretary of State. (Services of an attorney are recommended).
* Prepare and file with the Secretary of State the articles of incorporation with certificate indicating that publication of the notice of incorporation has been made and requisite advertising fees have been made (Services of an attorney are recommended).
* Complete the Secretary of State’s annual registration. (Services of an attorney are recommended).

**Banking Activities:**

* Open a business checking account at a local bank. You will need the Certificate of Existence obtained from the Secretary of State and your EIN number obtained from the IRS. (See the following section on IRS/ SC Department of Revenue tax activities).
* If you are a corporation, complete the bank corporate resolution forms and signature cards necessary to establish a corporate checking account. (Services of a CPA or attorney are recommended to help you with this).
* If you need a loan to start your business, write your business plan and create three years of forecast financials for the lender to review as part of your loan application. Contact your local South Carolina Small Business Development Center (SC SBDC) for assistance with the business plan, forecast financials and lender contacts. In South Carolina, access [www.SCSBDC.com](http://www.SCSBDC.com) for the SC SBDC location nearest you. Contact information for business consultants who can support you with business plan development, financial templates, marketing, sales and a variety of key resources are available there.

**Activities Requiring an Insurance Broker:**

* Contact an insurance broker to obtain fire and accident, liability, theft, worker’s compensation and other types of commercial insurance needed to operate your business. Workman’s compensation insurance requires that you keep employee accident reports and injury claims.

**IRS/ SC Department of Revenue Tax Activities:**

* Apply for Federal Employer Identification Number (Form SS-4) through the IRS or on [www.scbos.sc.gov](http://www.scbos.sc.gov/). All businesses (corporations, partnerships and sole proprietorships) with employees must apply for this number. Your local IRS will send you a form with your new EIN number on it via the US Postal Service.
* Self-employed individuals operating sole proprietorships should make quarterly individual estimated tax payments to the South Carolina Department of Revenue (using a voucher from your CPA) and to the federal IRS (using a voucher from your CPA). At year’s end, you will file your business income and expense (P & L) on Schedule C as part of your annual 1040 Tax Return.
* Apply for South Carolina sales and use tax with the South Carolina Department of Revenue on [www.scbos.sc.gov](http://www.scbos.sc.gov).
* If your business is retail in nature, apply for South Carolina sales and use tax with the South Carolina Department of Revenue on [www.scbos.sc.gov](http://www.scbos.sc.gov).
* Also see section For Businesses with or Anticipating Employees.

**Licensing/Permits:**

* If the nature of your business requires a professional license or occupational license for operation contact the South Carolina Department of Labor and Licensing Regulation at [www.llr.state.sc.us](http://www.llr.state.sc.us)
* Apply for a city or county business license at city hall, county courthouse or administration building.
* If your business requires building a new facility, contact local zoning and ordinance boards, secure architectural renderings, obtain a building permit and contact the state fire marshall for a fire and safety inspection before opening the business. Go to [www.llr.state.sc.us/firemarshal.asp](http://www.llr.state.sc.us/firemarshal.asp).
* If your business is specific to environmental, waste management/landfill, water treatment, underground storage tank, emergency medical service, healthcare, daycare, or food service concerns, contact DHEC for specific licensing and regulatory requirements at [www.scdhec.gov](http://www.scdhec.gov) .

**For Businesses with or Anticipating Employees:**

* The following federal information must be filed. You will need to use IRS Form I-9 in your hiring process (available at [www.uscis.gov/files/form/I-9.pdf](http://www.uscis.gov/files/form/I-9.pdf) and IRS Form W-4 available at [www.irs.gov/pub/irs-pdf/fw4.pdf](http://www.irs.gov/pub/irs-pdf/fw4.pdf). Publication 15 (2010) Circular E explains how to withhold taxes from employee pay; this information is accessible at [www.irs.gov/pubilcations/p15/ar02.html](http://www.irs.gov/pubilcations/p15/ar02.html). Form 940, Employer’s Annual Federal Unemployment (FUTA) Form must be filed for businesses with more than 4 employees. Form 941 Quarterly Tax Return and/or Form 944 Annual Tax Return must be filed. There are also ERISA retirement and pension records that must be maintained, as well as FMLA records
* Contact the South Carolina Department of Revenue for your South Carolina income tax withholding identification number. For more information see [www.sctax.org/Forms+and+Instructions/withholding/default.htm](http://www.sctax.org/Forms+and+Instructions/withholding/default.htm). Contact the South Carolina Department of Employment and Workforce at [www.sces.org](http://www.sces.org) for state unemployment insurance (SUI) quarterly returns.
* All businesses must adhere to OSHA standards, please see [www.scosha.llronline.com](http://www.scosha.llronline.com)

**Activities requiring an Attorney:**

**Please note:**  There are many items on this checklist where it is recommended that all types of businesses engage the services of an attorney.

**This specific list applies to additional areas related to corporations where an attorney’s assistance is required or highly recommended.** Following the registration of the corporation’s name with the Secretary of State and preparing and filing the Articles of Incorporation your attorney will:

* Prepare consent for appointment of registered agent (as part of the legal documents filed).
* Arrange for advertising of the incorporation for two successive weeks with the local newspaper designated to handle legal advertisements.
* Prepare a consent action form or hold a meeting of the shareholders to elect a board of directors for the corporation.
* Prepare by-laws to be adopted at the organizational meeting of the board of directors which shall also include election of officers.
* Accept share subscription agreements and investment letters exempting the stock from state and federal securities laws. (CPA may also support this process).
* Accept payment of stock from the stockholders and issue certificates. The shareholders should execute receipts for the certificates. (CPA may also support this process).
* Complete stockholder’s information in corporate minute book and stock ledger. (CPA may also support this process).
* Consider adopting a cross-purchase or stock redemption agreement, and in turn, place a legend on the stock certificates restricting the sale, assignability or transferability of stock. (CPA may also support this process).

**Activities requiring a CPA or Accountant:**

Prior to and during the formation of the business and the development of the business plan, the services of a CPA or accountant can help you to avoid unnecessary mistakes and save valuable time.

After registering the business with the Secretary of State and securing the EIN number:

* Contact an accountant, preferably a CPA, and provide him or her with all of the basic business information so that the initial books may be opened in a timely and orderly manner.
* **Please also refer to Section on Activities Requiring an Attorney**

If the business is a partnership:

If operating as a general partnership, it is a good idea to develop a general partnership agreement to specify the details of how the partnership will work.

* File a state partnership return (K-1) with the South Carolina Department of Revenue each year on or before April 15th or on or before the 15th day of the fourth month following the close of the fiscal year.
* File IRS Form 1065 to report partnership income. Each partner must report his or her share of self-employment income on Schedule SE of Form 1040 and income or loss from partnership operations on Schedule E of Form 1040.

If the business is a corporation:

* Complete the initial South Carolina license and occupation tax return. Pay the initial tax based on the capital stock issued.
* Consider election of S corporation status (IRS Form 2552 or 2553) or taking steps to ensure that stock issued will qualify as Section 1244 stock under Internal revenue code section 1244. Services of a CPA **and** Attorney are recommended to help you with this.
* File Federal Income Tax Return Form 1120(Form 1120-S for an S-corporation). Services of a CPA are recommended to help you with this.
* Deposit federal taxes and accompanying coupons in authorized bank. Services of a CPA or accountant are recommended to help you with this.

