



I HAVE AN IDEA, NOW WHAT?

Setting up your Business for
Success.

STEPS TO STARTING YOUR GEORGIA BUSINESS

- 1 Choose an Idea.
- 2 Plan your business
- 3 Form your business.
- 4 Register for taxes.
- 5 Open your bank account.
- 6 Set up accounting.
- 7 Marketing.

CHOOSE AN IDEA/BUSINESS TYPE

A.* What kind of business will you be? (sales, crafter, service?)

B.* Is there a Need?

- * Who are your partners?

- * How much money do you need to get started?

A.* Are you a business? How do I know?

B.* What do you need to be successful?

CURRENT TAX RULES FOR HOBBY VS. BUSINESS

2018-2025. No expenses are allowed to be deducted from the income made on Hobby Income

Example:

OLD LAW:

\$3000 gross revenue

- \$500 expenses

REPORT \$2500 income (taxable)

NEW LAW:

\$3000 gross revenue

No expenses allowed (you still spent it, but not allowed)

REPORT \$3000 income

AM I A HOBBY OR BUSINESS?

Do you meet a safe harbor determination by the IRS?

The activity produces positive taxable income for at least 3 out of 5 years.

If not, you could still be deemed a Business IF:

- 1) You conduct the activity in a businesslike manner. (You created a business plan, kept good records and searched for profit making strategies)
- 2) You have expertise in the activity or hire expert advisors.
- 3) You have been successful in other ventures.
- 4) Assets used in the activity are expected to appreciate in value (real estate ownership will always be a business.)

KEY ISSUE: DO NOT CLAIM RECURRING LOSSES ON YOUR RETURN!

AVOID PITFALLS

- Investing all of your savings into an idea that you have not fully developed.
- Not testing your idea before you have a lot of product.
- Determine where will you get your product (wholesale).
- How much sales do you need to be successful?
- What help do you need?
- How much time do you have to devote to your business?
- How much space do you need and is it a designated space?

BUSINESS PLAN

The main components to the business plan are:

- 1) Write down your idea.
 - 2) Set your goals and objectives.
 - 3) Define your market
 - 4) Set up Marketing Goals
 - 5) Define Marketing Strategies
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- The Small Business Association can assist you with a business plan. IF you need a loan, you may need a more detailed plan, otherwise, it does not have to be more formal and will still lead to success.

BUSINESS PLAN

1. Write it Down

- EXECUTIVE SUMMARY. This is the first thing the reader/investor/customer will see. A paragraph summary of the business. Why is your business different. What are the future plans?
- How much money do you need?

2. Set your Goals and Objectives

MOSTLY FINANCIAL. This is based on assumptions and MUST include:

- * Detailed Financial projections for years 1 thru 5.
- * Cash Flow Projections. How much cash are you going to need to accomplish the projections?
- * Explanation of assumptions. What did you base your projections on? Was it: monthly sales, type of customer, frequency of orders, etc. DETAIL IS CRITICAL.

BUSINESS PLAN

3. Define your Market.

- * Product Description. EVERYTHING. Good and bad about the product. Always be upfront. Know the strengths and weaknesses.
- * Market Research. What is the size and health of the business market you will join. –
 - What is your competition? - Why are you different/needed?
- * Product Samples. Have a sample, or photo, or video.

4. Set up Marketing Goals.

- * Logo. Give the business a personality.
- * How are you going to reach the customer?

BUSINESS PLAN

5. Define Marketing Strategies.

- * Marketing Plan. – why will you be better/unique?
- * Explain your production process.
- * Relationships! Get connected with people associated with doing business.
 - * Fully disclose funding for investors (and yourself)

HOW TO GET IT READ?

KISS! - KEEP IT SIMPLE SWEETIE.

Make it appealing.

Do pdf copies that can't be altered.

When printing, use quality paper AND standard fonts.

8.5 X 11 paper (not oversized).

Simple covers.

FORMING YOUR BUSINESS

Register your Company Name with the Georgia Secretary of State. (sos.ga.gov)

Obtain an Employer Identification Number (irs.gov)

- For purposes of this class, it is assumed you will be a Sole Proprietor/single member entity.
- Print out and SAVE your EIN letter. You will need this OFTEN.

REGISTER FOR TAXES. STARTS WITH A LEGAL NAME

- GEORGIA SECRETARY OF STATE

Register your Company Name with the Georgia Secretary of State. (sos.ga.gov)
(An LLC could be a good option to protect yourself from liability).

What you need:

- Your personal legal name and personal mailing address.
- An email address for correspondence.
- Business Mailing Address.
- Top 3 Name Choices, listed in order of priority for your business.
- Who will be responsible for getting any official letters, etc. (Registered Agent). In Georgia, this CAN be YOU (the business owner).
- Need your NAICS for the site registration.



Georgia Secretary of State

Click on the following links on the site:

- [Business search](#)
- [Online Services](#)
- [Create or Register a new Business.](#)

It will cost: \$100 or \$350.

How long will it take?

Regular application:

5 – 7 days if applied for online.

Two weeks (or more because of pandemic) by mail.

Same day if submitted before noon

pay extra \$250 expedited filing.

What you will get:

Articles of Organization

Annually you must pay to keep this name:

\$50 per year.

NAICS

What is an NAICS? Why do I need one?

A **NAICS Code** is a classification within the North American Industry Classification System. The **NAICS System** was developed for use by Federal Statistical Agencies for the collection, analysis and publication of statistical data related to the US Economy. A company chooses the code that best depicts your primary business activity and uses it when asked. Local government uses it for your business license. Federal government uses it on your tax return.

Find out your NAICS number (naics.com)

OBTAIN YOUR BUSINESS IDENTIFICATION NUMBERS

AFTER YOU GET YOUR LEGAL NAME FROM THE STATE

Federal Employer Identification Number

Go to: (irs.gov)

For purposes of this class, it is assumed you will be a Sole Proprietor/single member entity.

Print out and SAVE your EIN letter. You will need this OFTEN including but not limited to:

Filing your income tax return.

Setting up Sales Tax Number with State (if needed)

Georgia Sales Tax Number (dor.georgia.gov)

If you are selling an item, you will need a Georgia Sales Tax Number.

Register through the Georgia Department of Revenue.

These Sales reports are DUE on the 20th of every month.

Late filing fee of \$25 even if NO MONEY is due.

Most payment apps will keep up with the sales tax amounts due, you have to take that information and FILE the report timely.

Next Small Business Session:

Open your bank account.

Set up Accounting.



THAT'S A WRAP!

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