

Business Plan Workbook #33	
Course	Formalizing Your Dream
Topics Addressed	Compliance with Regulations and Obligations

## Key Points

### Be Mindful of Regulations

As an entrepreneur, you need to be mindful of regulations that may affect your business.

### When You Start a Business

It's important that you take the time to research any regulations, licenses, and permits that apply to the type of business you are starting. A bit of time and energy spent researching could save you time and money in the long run. If you are aware of any regulations, licenses, or permits that affect your business, you can plan for them, and design your business around them.

If you've taken the time to research these standards, then you can plan around them. You can factor in the time it will take to train your employees, the cost of any specialized training, and the cost of any protective equipment that you need to buy.

Be sure to take advantage of local non-profits and government agencies, such as the Small Business Administration (SBA), when it comes to this type of research. They can provide you with information and links to websites that are specific to your location and your industry.

### Levels of Regulations

In the United States, there are several levels of taxes, licenses, and permits that need to be considered: federal taxes, licenses, and permits are set by the US government, state taxes, licenses, and permits are governed by whatever state you live in and, local regulations are set by the city, town, or, in some cases, the county where your business is located.

### Federal

You will need to pay taxes at the federal level. Federal income taxes will need to be deducted from each employee's pay-check. Federal income tax will also be deducted from any profits you make. Depending on the type of business you own, there may be federal regulations that apply to your business operation. For instance, some products such as tobacco, firearms, and some luxury items have specific federal regulations that need to be followed, as well as special permits and taxes. Certain processes, such as hiring are also governed at the federal level.

**State**

At the state level, there may be additional taxes and regulations that you need to be aware of. And you may need to register your company in your state. If you are providing personal services such as childcare, hair cutting, or cosmetology, you or your employees may need to be licensed by the state. If you are selling products to the public, it's likely that you will need to charge your customers sales tax. You will have to remit those taxes to the state on a regular basis.

**Local**

There will be regulations, taxes, and permits that you'll need to think about at a local level. For example, there may be local health regulations for companies that are working with food products. Depending on the type of business you own, you may need a special permit to operate. For instance, if you have a restaurant that is selling alcohol, you may need to get an alcohol permit.

When you're deciding on a location for your business, you need to be aware of the local zoning regulations. Local residential zoning could prohibit the use of your home as a business location. Your local city or county Planning and Zoning Department can give you guidance about locations that are appropriate for your business.

**Related Business Plan Questions**

Below, you will see a list of business plan questions related to the topics noted above. If you print this worksheet, you can use the space below each question to write down some initial thoughts and ideas.

When you're ready to start working on your business plan, return to the course, and select "Open My Business Plan".

Q: What kind of regulations may affect your business? List out any regulations you can think of that your business is supposed to comply with.

Q: What kind of permits will you need to run your business? Make a list of any of the proper permits that might be needed in order to run your business.

Q: What kind of licenses do you need to apply for in order to run your business?

Q: If you are running your business from your home, what kinds of limitations are there for a home-based business?