

## Simple Licenses White Paper - Why Businesses Need Business Licenses.

### Intro

Every business needs business licenses. From the smallest Mom & Pop shops on the corner to the largest Corporations employing thousands of people, the one thing they have in common is the need for business licensing. And just like the people who run each business, every business is different and carries with it its own unique sets of business licensing requirements. These licensing requirements vary by industry, type of business and location, they can depend on a variety of conditions. Every city and state has its own unique business licensing restrictions and each jurisdiction is different. This presents a challenge to business owners and entrepreneurs alike because there is no one particular set of requirements necessary for every business. However, licenses and permits are mandatory and are required by law before a business can legally begin operating. Businesses which fail to achieve all the necessary requirements face harsh fines, stiff penalties and even closure of the business by the regulating authorities.

### Who issues Business Licenses?

Business licenses, permit and tax registrations are required for every level of government. Businesses are required to be licensed at the Federal, State and Local levels. That means that there is no single certificate or "Business Licenses" that certifies your business for operating. Instead it is the responsibility of each business to make sure that they have all the necessary requirements fulfilled at each level of government. These requirements differ for each business and depend on what type of business you are engaging in and where your business is located.

Many people believe that business licensing only occurs in the city where the business operates, and while going into your local city hall seeking help may seem like a good starting point, the governmental workers and the city clerks are not equipped to help a budding entrepreneur with anything beyond the scope of local city hall operations. With little help available, businesses are left to their own devices to find the necessary forms and applications to license their business at the county, state and federal levels, making a straightforward task difficult and cumbersome.

### Why are business licenses required?

Business licenses are required for a variety of reasons. Some cities require business licenses as an annual tax for doing business within the city limits, while other cities use the fees associated to help with city services such as roads, fire, police, and other community services.

Obtaining a business license benefits the business owner in a variety of ways along with providing benefits for both the community and business sector. By serving as a revenue generating measure business licensing supports vital city services. Obtaining a business license can also serve as a regulatory feature by adding to the repository of other business on file allowing the city to better regulate business. This list serves as an information base for all businesses operating in an area. Also the public generally question the integrity of a business which has not gone through the process of complying with the licensing requirements.

Taxes are also another important consideration for why business licenses and tax registrations are required. Any entity generating income is subject to taxation and is required to remit such taxes by law. If you make tangible sales on goods and services you are required to inform the government that you are generating sales, and therefore subject to taxation.

There are many laws surrounding the relationship between employers and employees. If you have or wish to have employees, you are required to register and be licensed to compensate workers and to preserve their safety in the work place. Most employers must pay a Federal and State Tax for workers in order to fund unemployment compensations tax for workers.

What happens if I my business is not licensed?

If you operate a business without proper licensure you are violating the law. Business without the correct licenses risk harsh fines, stiff penalties or even closure of the business. This risk can put all the hard work, time and effort that you have put into your business in jeopardy. And since the licensing procedures vary so greatly it can be difficult to know if you are fully compliant with all the regulating agencies.

Penalties and fines can have a detrimental impact on your business. If you are operating and engaging with customers, any type of interruption in regular business can cause havoc on your operations. A new business is so fragile that a large fine may push your budget from the black to the red toppling all the hard work that you have already put into your business. Having to cancel appointments or not making a crucial sale all because you don't have the proper paperwork is not only embarrassing but can be devastating to a business. Customers may show up to your storefront only to find the doors chained and padlocked because the government shut it down.

If you operate without a license your reputation will suffer. Most consumers insist on doing business with a company that has gone through the process of complying with the regulations and licensing requirements of the district they are in. Consumers may question the integrity of a business that does not feel it necessary to complete all the mandated steps to become licensed.

What are some common Licenses, Permits & Registrations?

Common Licenses, Permits and Registrations may include, but are not limited to

- City Business Licenses
- Home Occupation Permits
- Certificate of Occupancy
- Building Permits
- Contractor Licenses
- County Business Licenses
- Health Permits
- Cottage Food Permit
- Alcohol permits
- State Business Tax Registrations
- Sales and Use Permits
- Sellers Permits

- Withholding Tax Registrations
- Employer Registrations
- Federal Employer Identification Number

Which Licenses does my business need?

If you asked this questions, then you are in good company. This is the same question asked by every entrepreneur and small business owner who has ever considered starting and operating a business. You may be inclined to research all the nuanced requirements for your business by yourself, but government agencies do not offer much help in the way of navigating which requirements are necessary for your business. There is no one-stop-shop for licenses, permits and tax registrations for business and the process of searching for every application required by all the different agencies is time-consuming and frustrating

Any smart business owner will tell you that time is money. Simple Licenses understands the complexities of licensing your business. Let us help you identity the licenses, permits and tax registrations necessary to make you business compliant. We create a personalized, easy to understand report tailored to your specific business needs containing all the licenses, permits, tax registration applications. Every report includes a detailed description of each license, issuing authority contact information, and instructions on how-to-apply and much more.

Learn more about starting and operating your business at [SimpleLicenses.com](https://SimpleLicenses.com).