

Starting a Business in Iowa

Iowa Small Business Development Center (SBDC)

Want to start a business in Iowa? The Iowa Small Business Development Center will assist and walk you through all of the steps needed. Below are references and resources to help get you started.

State and Local Permits, Licenses and Regulations

- State – Iowa does not have a general business permit or license requirement. To determine what permits/licenses are specific to your business or profession go to - www.iowa.gov/business/default.aspx?cmd=busportal.area&cc=LIC_PERM
- 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. Check with City Hall on zoning restrictions and requirements. Contact the local Chamber of Commerce and/or Economic Development organization for assistance with local regulations and assistance programs.

Business Legal Structure

The legal structure decision involves both legal and tax 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*.
- 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.

Unemployment Insurance

- Once you start hiring employees, you need to setup an Unemployment Account with Iowa Workforce Development – www.iowaworkforce.org/ui/stawrs/60-0126.pdf.

Insurance

- Workers Compensation Insurance. Contact your insurance agent.
- Business & Liability Insurance is not required but you should carry it. Contact your insurance agent.

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

- For information on Iowa Sales and Use Taxes go to www.iowa.gov/tax/educate/78539.html. To determine if the services you provide are taxable go to www.iowa.gov/tax/educate/78524.html.

Iowa Business Tax Registration

- Register your business 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.

Iowa Sales Tax Exemption Certificate

- If you are purchasing items for resale, you must give your suppliers a Sales Tax Exemption Certificate. These are available at www.iowa.gov/tax/forms/31014.pdf.

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 www.iowa.gov/tax/forms/withhold.html and click on *Iowa Withholding Forms*.
- For more information on withholding Iowa employment taxes go to www.iowa.gov/tax/educate/TrainOnline.html and click on *Withholding Information for Employers* under the Business heading toward the bottom of the page.
- For the Iowa Withholding Tax Information Booklet go to www.iowa.gov/tax/educate/78552.html

Federal 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). If you do not have employees, you may use your Social Security Number as your Federal ID number.
- Apply for your EIN online at <https://sa1.www4.irs.gov/modiein/individual/index.jsp>.
- 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 www.irs.gov/businesses/small/article/0,,id=172179,00.html.

Labor Laws

- Detailed information on a wide range of Iowa labor laws and regulations can be found at www.iowaworkforce.org/labor/.
- Workplace Postings – Employers are required by both federal and state law to display certain posters in the workplace. These postings cover various areas of employee rights and employer responsibilities. Required and recommended postings are available at www.iowaworks.org/reqposters.htm.
- To help determine if an individual is an employee or Independent Contractor go to www.iowa.gov/tax/educate/78505.html.
- You are required to keep on file an I-9 for all employees and owners. The form can be found at www.uscis.gov/files/form/i-9.pdf.
- OSHA regulations are under the Iowa Occupational Safety and Health Enforcement department. Information can be found at www.iowaworkforce.org/labor/iosh/. Information on OSHA regulations for new businesses go to www.osha.gov/dcsp/smallbusiness/ and www.osha.gov/OchDoc/data General Facts/newbusinesses-factsheet.html.

Federal, State, and Local Financing Assistance

- Small Business Administration (SBA) does not make direct loans to small businesses, except for qualifying natural disaster assistance. The SBA does have a number of loan guarantee programs for lenders when making loans to qualified small businesses. More information can be found at www.sba.gov/category/navigation-structure/loans-grants/small-business-loans.

- ❑ United States Department of Agriculture (USDA) Rural Development like the SBA does not make direct loans to small businesses. They do have a number of programs that provide assistance to small businesses located in rural areas, including a loan guarantee program similar to the SBA. More information can be found at www.rurdev.usda.gov/IA_bc.html.
- ❑ Iowa Self-Employment Program is a financing program for those with a qualifying disability. It is administered by Iowa Vocational Rehabilitation. More information can be found at www.ivrs.iowa.gov/IowaSelfEmploymentProgram/SelfEmploymentMainIndex.htm.
- ❑ Iowa MicroLoan Program provides six-year term loans from \$5,000 to \$50,000 for startup, expansion or refinancing. Must have less than 10 employees and denied credit by a lender. More information can be found at www.iowamicroloan.org
- ❑ Iowa Small Business Loan Support Program is administered by the Iowa MicroLoan Program and provides \$5,000 to \$100,000 at 7% for up to 5 years. More information can be found at www.iowaeconomicdevelopment.com/Entrepreneurial/ISBLSP
- ❑ Revolving Loan Funds – A number of non-profit organizations, economic development entities and utility companies have low interest Revolving Loan Funds. They are listed by county at www.rurdev.usda.gov/SupportDocuments/IA_rlf.pdf.
- ❑ To find your local Chamber of Commerce visit: www.iowachamber.net

Professional Developers of Iowa- Providing Information and Tools for Growing Iowa's Economic Base

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