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QUICK START GUIDE

SO YOU WANT TO START A BUSINESS

THERE ARE A FEW IMPORTANT THINGS TO CONSIDER

Welcome to the SMRT Women Quick Start Guide for business. Whether you are launching the next big thing or starting a side hustle, there are some important legal and financial things to consider before you jump in.

We wrote this guide to help walk you through the important questions you need to get your business off on the right foot.

Don't get too intimidated. Not all of these items will apply to your business depending on your size, scale, or the kind of work you do. If you are launching a simple thing - great - keep it simple. What's critical is making sure you've asked yourself if you need these things or not.

Your business will evolve and grow over time and it's needs will change. Pick a place to start from and go from there. To set yourself up for success, think about these things before you get started so you are prepared and check in often to see if your needs have changed.

This article is not a substitute for legal or financial advice. Please make sure you talk to a lawyer or accountant and talk to Government of Canada, your provincial/territorial business and your local municipal government as needed to make sure you have followed all the appropriate steps.

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THE BASICS

COMPANY STRUCTURE

When you are launching a company you need to know if you are setting up as a sole proprietorship or as an incorporated company or partnership. There are many choices for company structure and they all have different tax and legal implications. Talk to a lawyer or accountant about the structure that is best for your biz.

A **sole proprietorship** is an unincorporated business owned by one individual. It is the simplest kind of business structure. Generally speaking, if you think you will make less than 100K a year, or if you will be spending all the money you earn, than this is a good way to go. This type of business format is relatively simple. You are your business and there is no legal separation. All the money the company earns you earn and all of your earnings are taxed at the personal income tax rate.

An **Incorporated Company** is its own entity separate from you. This means that if someone sues the company, they sue the company, not you personally. The company earns money and it can decide to pay you that money or not. The company's money gets taxed at a corporate rate and any money you pay yourself in salary gets taxed at a personal rate. You usually need to pay an accountant and lawyer to incorporate. You can also start as a sole proprietor and incorporate later.

THE BASICS

PICK YOUR BUSINESS NAME

You need a business name to operate. Depending on the kind of company you are starting, you may just go with "YOUR NAME Consulting" or a numbered company like 43518 Inc. If you are launching something bigger you may have a specific brand and name for your company. Either way make sure you go to your local government office to register your business name.

If you go with YOUR NAME consulting it's a pretty straightforward process. If it's something more unique you may need to check and see if anyone else is using that name.

Search the internet to see what web domains are registered under the name you desire. You can also use a name search database to see if that name is already registered. Contact your provincial or territorial government's corporate affairs branch for all the details in your area.

BUSINESS LOCATION

Where will you operate your business? Out of your home or a rented office? The location of your business has tax implications (you can write off a portion of your rent or utilities if you work from home) as well as insurance implications (you may need additional liability insurance if you rent a space).

THE BASICS

BUSINESS LICENSE

You need a license to run your business in the city you operate. Contact your City permitting office and they'll walk you through the process. You'll need your business name and location to get your license. Here in the Yukon it's about \$160 dollars per year for a business working out of their home.

BUSINESS INSURANCE

Do you need it? It's best to talk to an insurance adjuster about your insurance needs. Depending on the size and scale of your business as well as what you do, you will have different insurance needs.

The two basic kinds of insurance are **General Liability** - this covers you for things like someone hurting themselves in your store, theft, damage to your rented office, etc, and **Errors and Omissions** - this covers you if you give bad advice or a client suffers damages to their company as a result of working with you.

Again, insurance needs may vary so talk to an insurance adjuster about your risks and how you want to mitigate them.

WORKERS' COMPENSATION HEALTH AND SAFETY INSURANCE

Workers' compensation is insurance coverage that provides a replacement salary if you are hurt at work. Every province and territory has different rules about what level of coverage is required for what level of business. There are also differing rules about your responsibility for ensuring your subcontractors have coverage. Contact your local workers' compensation board to get the details in your area.

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MONEY STUFF

GET A SEPARATE BANK ACCOUNT & CREDIT CARD

You will thank yourself at tax time if you have a way of tracking how much money you made and spent in your company. I highly recommend that at a minimum you get a separate chequing account that you use for all incoming and outgoing money.

If your business is larger or incorporated, get a dedicated business bank account and business credit card.

TRACK MONEY IN AND MONEY OUT

Again, you will thank yourself at tax time and be better able to make decisions in your business if you are tracking your finances. You can do something simple like keep track of all of your invoices and expenses in an Excel document. Or you can get a little fancier and use programs like Wave or Quickbooks.

Depending on the size of your business you may want to work with an accountant or bookkeeper to set up your financial tracking system.

MONEY STUFF

GOODS AND SERVICES TAX (GST)

Ah yes lady! Taxes are a thing. If you earn less than \$30,000 per year you are considered a small supplier and you do not need to collect or pay GST. The day you cross the 30K sales mark you have a month to sign up for a GST/HST account.

You sign up for a GST number and then you charge 5% (If you are in Yukon) GST on all your invoices. You collect GST for the CRA and then you pay it to the CRA. You can pay your GST to the government quarterly or yearly. I love doing it quarterly because it keeps me on top of it.

A Special Note: The GST you collect is NOT YOUR MONEY. Don't treat it like it is. When a client pays you, automatically take the GST you collect and put it in a separate bank account. Then when it's time to pay your GST use the money you saved to pay the bill.

There are also advantages for your business when you sign up for a GST number. GST that you pay - when buying office supplies or paying subcontractors - can be refunded if you are registered to collect GST.

Depending on the kind of accounting software you use this will automatically be calculated for you which makes paying and claiming GST a breeze. I personally didn't bother to track the GST I paid for a long time because it was so little it didn't matter. I tracked the GST I collected from clients and then filed my GST once a quarter without asking for any credits for the GST I had paid.

Also - pay your GST on time. Fees suck.

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MONEY STUFF

INCOME TAXES

When you work for yourself no one is automatically deducting income tax off your income. You have to do that for yourself.

If you are a sole proprietor, then every dollar the company makes is taxed at the personal rate. This means you can't blow all your dough on new shoes. A general rule of thumb is to save 25-35% of your income for taxes. Every time a client pays me, I automatically deduct a percentage and store that money in a separate bank account. Then, when it's time to pay the tax man, the money is ready and I'm not left in a crunch.

If you run an incorporated company, you probably pay yourself a salary that you deduct income taxes on so you should be processing that already. Your company will also have to file taxes separately and will be charged the corporate rate. So again, I recommend automatically deducting money that comes in and saving that money so you have it ready.

Many an entrepreneur has been caught off guard with a 10K tax bill they didn't save for at the end of the year.

Taxes pay for amazing things we enjoy in our community so save your money so you are ready and talk to your accountant about strategies that will work best for your situation and income level.

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MONEY STUFF

PAYROLL

If you pay people that are full time employees and not just contractors you will need to set up payroll. Talk to your accountant or call Government of Canada to find out all the in's and out's. When you process payroll you need to pay part of your staff's CPP, EI and Health Benefit contributions depending on your agreement with them.

It's also a good idea to brush up on employment law and make sure you know your rights and responsibilities as an employer.

PAYMENT PROCESSING

How will people pay you? Are you cash only, do you want to be able to process credit cards and debit cards? Do you invoice people or do they pay when they purchase? Do you want people to be able to buy on your website directly?

There are many different payment options such as Paypal, Square, Stripe, and Shopify. Do your research to find out which option will fit your business best. The easier it is for people to pay you, the easier it is to make a sale.

OTHER STUFF

OTHER PERMITS

Depending on your industry you may need health permits, alcohol permits, daycare/dayhome permits, driving permits etc. Talk to the Chamber of Commerce in your area or your local industry organization to find out about all the permits that are required to launch your business.

Voila. It's alive. Now you gotta tell the world. Time to get cracking with some business planning and marketing.