

# Starting and Managing a Small Business In Missouri



---

---

---

---

---

---

---

---

## Why?



- Required by the State
- Improves your chances for success
- As the owner or manager you are responsible for **everything** your business does or fails to do
- Avoid legal problems



---

---

---

---

---

---

---

---

## Evaluating Your Business Idea©



[www.missouribusiness.net](http://www.missouribusiness.net)

[www.business.mo.gov](http://www.business.mo.gov)



---

---

---

---

---

---

---

---

## Why Small Businesses Fail

- Inadequate front-end planning
- Insufficient capital for start-up and back-up
- Inexperienced management



4

---

---

---

---

---

---

---

---

## Forms of Business

### Organization and Legal Issues



---

---

---

---

---

---

---

---

## Forms of Legal Structure in Missouri

- Sole proprietorship
- Partnership
  - General
  - Limited
- Limited liability company
- Corporation
  - C-corporation
  - S-corporation



---

---

---

---

---

---

---

---

## Sole Proprietorship

### Advantages

- All profits to owner
- Profits only taxed once
- Owner makes all decisions
- Low cost organize
- Few legal restrictions
- Simple to organize

### Disadvantages

- Unlimited liability
- No separate legal status
- Limited in raising funds



---

---

---

---

---

---

---

---

## Partnership

### Advantages

- Easy to organize
- Separate legal status
- Profits taxed only once
- Taxed at partner's rate

### Disadvantages

- Unlimited liability to general partners
- Divided decision making
- Transferability of ownership



---

---

---

---

---

---

---

---

## Limited Liability Company

### Advantages

- Limited liability
- Separate legal entity
- Usually taxed as a sole proprietorship
- Unlimited number of owners
- Capital is easy to raise through the sale of interests

### Disadvantages

- Can be costly to form
- More administrative duties
- Personal tax liability



---

---

---

---

---

---

---

---

## S-Corporation

### Advantages

- Limited liability
- Profits taxed only once
- Capital is easier to raise through sale of stock
- Transfer of ownership

### Disadvantages

- Can be costly to form
- S-corporation requirements
- More administrative duties
- Cannot provide company-paid fringe benefits



10

---

---

---

---

---

---

---

---

## C-Corporation

### Advantages

- Limited liability
- Transfer of ownership
- Capital is easier to raise through sale of stock
- Company-paid fringe benefits
- Tax benefits

### Disadvantages

- Double taxation
- Can be costly to form
- More administrative duties



11

---

---

---

---

---

---

---

---

## FEIN Number

- Federal Employer Identification Number
- Issued by IRS
- Complete Form SS-4
- May be required to open business bank accounts
- Apply for on-line at

<http://www.irs.gov/businesses/small/article/0,,id=102767,00.html>

12

---

---

---

---

---

---

---

---

## Federal Taxes

- Income tax – estimated and paid quarterly
- Self-employment taxes – estimated and paid quarterly (FICA & Medicare)
- Federal employment taxes (for employees)



13

---

---

---

---

---

---

---

---

## State Regulations and Taxes

- Missouri identification number
- Missouri retail sales license
- Fictitious name registration
- Environmental, Public Safety, etc

<http://dor.mo.gov/tax/business/>

<http://www.sos.mo.gov/business/corporations/startBusiness.asp#fictitious>



14

---

---

---

---

---

---

---

---

## County and City

- Local taxes
- Zoning regulations
- Business property taxes
- Home-based business rules
- Merchants or business license
- Building codes/permits



15

---

---

---

---

---

---

---

---