

## **License and Permits Required to Start a New Business**

Each year, different sets of hopeful entrepreneurs take the leap of faith when [starting a business](#). They begin by researching methods of [naming a business](#) and creating [marketing plans](#) that fit with the nature of the company. Listing the objectives of the company and accompanying it with effective business strategies will help the enterprise reach its full potential. Although overnight success is not possible, taking the easy steps to reach the goal is crucial.

When the concept and processes of the new business start to be visible, the owners have to look at the legal side of the company structure. Without the proper documents like [contracts](#), [licenses](#), and permits, the new business will have troubles, especially in the face of federal laws. Therefore, it is the responsibility of these starting companies to secure the right materials. This article discusses the various permits and licenses that emerging businesses should acquire before opening their doors for clients. To make the task more comfortable, the companies can use a business checklist to determine the documents they already have.

### **General Business License**

The first license that starting companies have to secure is the general business license. Firms should get this necessary license as evidence that the business got the approval of the local government. It also authorizes the enterprise to operate within the jurisdiction of the state or locality. If, for instance, the company begins its operations without the license, they could face penalties and might be up for closure. Moreover, it discusses the limitations of the firm.

The fee for acquiring a general business license can range from \$50-\$500. Sometimes, it goes beyond that, primarily when the company handles an extensive business type. The overall payment depends on the capacity and type of business. When the enterprise has this license, they can also obtain trademark licenses for their uniquely created products and services. Enterprises that focus on intangible things or creating artworks and music should also secure copyright licenses to avoid legal troubles in the future. Getting license agreements is a necessary action that companies need to follow.

## **Zoning and Land Use Permits**

The government has the right to divide lands equally among the different sectors in the society. This process is called zoning. Through zoning, the government can specify properties that are suitable for development and those that are hazardous to the community. With this method, the government can assure its citizens that they are safe.

For starting businesses, getting zoning and land permits is an essential step in making sure that the chosen business locations are safe. The regulations are necessary, especially when some businesses have more significant demands for security. For instance, before construction companies can start building the planned structures, they have to secure the signal from government agencies. Do note that the zoning and land use limits are dependent on the assessments of the local government.

## **State Licenses**

A newfound business may need state licenses or not. The company owner should contact the state government to know if the license is a requirement for the business to start operating. Since different states have varying standards to meet, companies have to determine permits that would be essential for the firm. In most cases, when the enterprise focuses on personal services, a state license is a requirement. An example would be medical-related businesses similar to clinics, maternity houses, and pharmacies. Auto repair shops and companies that offer plumbing services also need state licenses. Insurance firms have to acquire state licenses since they handle monetary transactions that need regulation. Moreover, liquor stores and lottery offices have to obtain state licenses as proof that the ongoing operations are within legal bounds. If the business continues to do work without licenses, the penalties are high.

## **Sales Tax License**

Benjamin Franklin once quipped that nothing is constant in life except, well, taxes and death. True enough, taxes are everywhere—from the food people eat, to the clothes worn, and the appliances and gadgets used to make life more comfortable. No one can escape the compulsory obligation of citizens living in a society. For companies, taxes are inevitable and inescapable. If the business gets caught operating without a sales tax license, the company owner will face charges and has to pay a lump sum of funds to compensate for the times when the government failed to collect taxes.

Whether the enterprise sells online goods or operates in a shop, the state has the right to know the price of each material. Sales taxes depend on the laws or provisions imposed by the state. In some cases, the number of goods sold can be the basis of the sales tax. If

the company renders a different kind of service—for instance, home cleaning services, babysitting services, and lawn mowing services—the state has the responsibility to determine the taxes for each service. Often called the seller's permit, a sales tax license is one of the first things that businesses have to register to make sure that the law allows the company to continue doing operations. Business owners should have enough information on the rules and regulations of the state before applying for a sales tax license. In addition, a sales tax license only applies to the precise location written in the document. When the company has plans on extending the company to other places, they have to acquire another sales tax license.

## **Fire Department Permit**

Despite the precautions of companies, flammable materials can still be present on the work premises of the enterprise. With that, businesses should secure the perimeter of the establishment and ensure the safety of everyone in the workplace. Fire department permits are essential to companies that meet large crowds daily. Establishments such as malls, parks, nightclubs, schools, and bars are some of the places that need inspections from the state fire department. Through the permit, the company can guarantee the clients that the area is safe to conduct business.

Although there are businesses that do not need permits, they get scheduled inspections from the department to make sure that the enterprise exactly meets safety standards. For new companies, securing the certificate of authority for the business and acquiring fire department permits comes after the general business permit and state permit was accepted.

Retirement homes, hospitals, restaurants, and commercial buildings have hundreds of visitors (and residents) every day. It is, then, the responsibility of the people running the business to track the processes and ensure the safety of the individuals staying in the place. Meeting fire safety regulations and having regular assessments is crucial for the firm.

## **Health Department Permit**

This permit primarily focuses on businesses that include the sale and production of food. The company has to make sure that the location passes the standards set by the health department. If the business fails to meet the qualifications, there will be no permit for the enterprise. But why is the material crucial for the company? Food is essential for the sustenance of individuals. The preparation of the meals or boxes of canned goods should go through the right process to avoid possible problems. Humans can encounter food poisoning from improper handling of food, and businesses want to

bypass that possibility. Moreover, if companies without permits continue to produce goods, they will meet lawsuits.

Businesses engaged in food production and distribution have to undergo checkups and inspections to ensure the hygiene of the location. Even when it is only a small donut shop, permits are still necessary. Before doing market research, businesses should choose places that have the right materials and capacity to meet the standards provided by the health department.

## **Environmental Permits**

As every business is different from others, the level of emissions and toxic waste they produce also varies. Some firms exude more residues than other companies, and at times, these excesses can cause harm not only to the people and the environment. The local and state governments have a list of the types of businesses that are required to acquire environmental permits. If the enterprise falls under the file, then the business owners must get permits from the designated agencies. With authorization from the agency, the company can begin the production of the goods.

Some examples of businesses that need environmental permits are paper mills, construction sites, plastic manufacturing companies, and power plants. Companies can get software licenses for pieces of equipment that can measure the wastes and pollution emitted by the establishment. When the activities in the location produce more residues than the allowed numbers, then the company might encounter penalties from the local or state government. Businesses should keep track of the wastes released and change permits if necessary.

## **Fictitious Business Name Permit**

Often known as DBA or “doing business as” and “trade name,” the fictitious business name permit lets companies use alternative business names. Under this permit, the business owner can use another name instead of the registered name. If the entrepreneur pursues another business but uses another business name rather than the registered one, the owner can have legal troubles and penalties.

Any business can apply for this permit if it suits their type of business. After the registration agreement is complete, the company can continue acquiring the other permits necessary for starting the business. If the enterprise needs software for the processes, they can also secure end-user licenses after accomplishing the other required documents.

## Federal Licenses

Not all businesses are required to have this particular license. However, if companies engage in occupations that include the use of experimental tests, monetary investments, and broadcasting, getting a license is necessary. The Federal Trade Commission is responsible for notifying companies that they require a license to operate.

The path to success comes with uncertainties, trials, and doubts. Nevertheless, businesses have to strive hard to achieve their long term and short term goals. Owners must consider the financial capabilities of the company as well as the [business plans](#) that it currently has. As a whole, entrepreneurs face different situations that demand foolproof decisions and actions.

But before reaching that particular part of the journey, companies have to start with gathering the internal and external requirements. Part of the responsibility is getting the licenses and permits listed above. Failure to secure these [legal documents](#), together with the ones requested by the state or other agencies, would be detrimental for the newfound business. With that, these materials weigh a lot for the firm. No matter how small it looks and how easy it can tear, companies should place value on these things.