



South-West Texas Border
**Small Business
Development Center Network**

Angelo State University

Starting a Business in San Angelo Guide

Revised January 2017

Contacts, Information & Resources

This guide neither intends nor offers specific legal advice. Contents contained herein are intended for informational and educational use and believed to be valid as of the date of publication. Please consider consulting with your attorney or certified public accountant before you take action on legal or financial issues affecting you or your business. For questions or comments related to this guide, contact Dave Erickson at the ASU SBDC office, (325) 942-2098 or email david.erickson@angelo.edu.

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MINIMUM REQUIREMENTS

1. DBA-Assumed Name

An Assumed Name, or DBA, is required to be filed in every county in which you have a regular business presence. A DBA DOES NOT RESERVE A NAME AND OTHERS MAY EVENTUALLY USE THE SAME NAME. It is valid for up to ten (10) years and must be filed in person. Forms can be downloaded from website listed below.

Tom Green County Clerk's Office

124 W. Beauregard Avenue

San Angelo, Texas 76903

(325) 659-3262

www.co.tom-green.tx.us

2. Federal Tax ID Number (Internal Revenue Service) 1-800-829-4933

www.irs.gov

Filing: Employer ID #, Federal Tax ID #

File an "SS-4," or Employer ID Number (EIN) Application Form if you pay wages to one or more employees. Sole proprietors with no employees can also use their SSN. Corporations, partnerships or non-profits must have EIN's (ask for Publication 583 and 1635). IRS registers Non-profit 501 (c) (3) organizations (Ask for forms 1023, 1024, 8718). Call 1-800-772-1213 for Social Security and Medicare information. Non-resident aliens must have a valid visa and SSN to transact business in the U.S.

Internal Revenue Service

Business Tax Questions

(800) 829-4933

Local IRS Office

33 E. Twohig, Federal Building

San Angelo, Texas 76903

(325) 653-0082

3. State Sales Tax Permit (Texas State Comptroller) 1-800-252-5555

www.window.state.tx.us/taxpermit/

Filing: Texas Sales Tax Permit (No Fee)

Texas levies a 6.25% tax on sales of tangible personal property, some types of labor and services. A SALES TAX PERMIT is required of businesses selling, renting, leasing or providing taxable items or services. Inquire about the Resale Certificate for resellers, and the Exemption Certificate. Operating w/o a sales tax permit is a crime punishable by a fine of up to \$500 for each day a business operates without a permit.

Comptroller of Public Accounts

3127 Executive Drive

San Angelo, Texas 76904

(325) 942-8364

www.window.state.tx.us

NO COST BUSINESS STARTUP ASSISTANCE

The Angelo State University's Small Business Development Center (SBDC) advisors are experts in business startup issues. Besides information provided in this guide and monthly business startup training seminars, experienced SBDC business advisors can provide free business startup assistance tailored to your specific business needs. These advisors have owned or managed their own businesses and helped many people successfully start their businesses. They have a vast array of resources and knowledge in order to assist with your startup. Contact us for a **free and confidential** appointment or visit our website below for the latest business startup seminar schedule. You can also attend seminars and other training events provided by the SBDC's training programs, both online and in person.

Angelo State University's Small Business Development Center

Located in the Business Resource Center: 69 North Chadbourne Street, Suite 110

ASU Station #10910

San Angelo, Texas 76909-0910

325-942-2098

www.sbdc.angelo.edu

sbdc@angelo.edu

REFERRALS TO LOCAL SERVICE PROFESSIONALS

The SBDC can provide referral lists as a convenience on various professionals in San Angelo that can provide specific business startup, accounting, legal, insurance, website, and IT assistance. The professionals on these referral lists can provide services for a fee to small business. The SBDC is not specifically recommending any service provider. The recipient of the list is responsible for the usefulness of any advice/assistance from a professional service provider they use. Please contact the SBDC for any of these referral lists. If you are a local professional service provider and wish to be put on the referral list, please contact Dave Erickson, SBDC Director.

FORMING YOUR BUSINESS

The first major item in establishing a business is deciding the legal form of organization. There are four basic types:

- 1) *Sole proprietorship* - is the most common type of small business. An individual is the sole owner of all assets. He bears all profits and losses himself and is personally liable for all debts and obligations of the business. Outside assets such as home, car, and personal bank account are subject to claims of business creditors.
- 2) *Partnership* - consists of two or more owners, with profits and losses shared equally or allocated according to a partnership agreement. Each partner is liable for business debts and obligations and each partner's outside assets may be subject to claims of creditors, unless limited by the partnership agreement.

- 3) *Corporation* - is a separate legal entity. Your attorney can probably evaluate the possibility of incorporating your business. A corporation has limited liability, but the corporate officers can be personally liable. A corporation is formed when a transfer of either money or property, or both, takes place by prospective shareholders in exchange for capital stock in the corporation.
- 4) *Limited Liability Company (LLC)* - The Limited Liability Company (LLC) is the newest form of business legal structure. It is a hybrid entity that allows owners the protection from personal liability provided to the corporate structure and the pass-through taxation of the partnership. The LLC does have some disadvantages. Because it is a new entity, laws regarding the LLC are still evolving and some issues regarding its operation remain unsettled. It is usually taxed as a partnership, but can be taxed as a corporation in some states. When taxed as a partnership, business owners can lose some company funded benefits.

Take sufficient time to study the type of business organization which you are contemplating. There are advantages to each type. Your accountant and attorney become valuable assets when making a decision to form a business.

- 1) A major consideration upon establishing an organization is the tax consequence. The tax obligation for sole proprietorships and partnerships is the responsibility of the individual business owner(s) rather than the business. Profits or losses from the business are reported as personal income or loss on the owner's personal income tax return.
- 2) In a corporation, taxes are levied on both the profits of the corporation and on the individual shareholders when they are distributed as dividends.
- 3) Another alternative to the usual corporate tax treatment is in the form of an IRS Subchapter S Corporation election. Certain enterprises qualifying for this status will not be taxed; rather, individual shareholders include profit or loss on their individual income tax returns.

If your business will be a corporation, limited partnership, limited liability company, or a limited liability partnership, the Secretary of State in Austin must give you authority to do business. It is recommended you consult an attorney for advice. You can also file your paperwork online for some of these entities at the Secretary of State's website: SOSDirect
<http://www.sos.state.tx.us/corp/sosda/index.shtml>.

Office of the Secretary of State
Corporations Section
Post Office Box 13697
Austin, Texas 78711-3697
(512) 463-5586
<http://www.sos.state.tx.us/>

New Filings Team
Phone - (512) 463-5583
Fax - 512-463-5709

BUSINESS PLAN FOR STARTUP BUSINESSES

A business plan is a written document and well thought out vision of the idea you wish to carry out as a business. Think of the business plan as a "roadmap" for your new enterprise. See the SBDC website listed below to download a sample Business Plan and a Startup Costs checklist.

The following benefits can be found in your business plan:

- ✓ A plan which gives you a path to follow. A plan which can allow you a future. A guide to organize the results you desire.
- ✓ An effective way to communicate your goals and objectives to your banker, attorney, accountant, insurance and real estate agents in order to receive advice for your mortgage, capital and other business needs.
- ✓ A communications tool to keep sales personnel, suppliers and others informed about your operation and goals.
- ✓ A developmental tool for personal growth as an owner or manager of your business. The business plan serves as a guide in assessing your business's strengths and weaknesses. It will help you to identify opportunities for growth and be an aid in making sound decisions for your business.

The Angelo State University - Small Business Development Center invites you to attend one of its *Business Plan* seminars for more assistance on business plan development. (Please visit our website at www.sbdc.angelo.edu for more information.) Also, one-on-one advising is provided free of charge in helping you develop your business plan. Please visit the website for the current training schedule.

FINANCING YOUR BUSINESS STARTUP

There are various ways of financing a business startup. Most startup businesses are financed with funds from one's own resources in addition to funds from family and friends. These family and friends may be investors or they may loan money for your startup. Lenders such as banks may provide additional startup funds but they will require you to have the just mentioned funds or assets ready to be invested in the business. Very few if any businesses are started from grants, so be cautious about sending money to those promising grants to start a business. In addition, very few if any startup businesses receive 100% financing from a lender.

Once a business gets beyond the initial startup phase, angel investor groups may be interested in providing initial expansion funds. The local angel investor group is Concho Valley Angel Network. Lenders such as local banks can provide loans to expand a business beyond the initial startup phase.

The advisors at the SBDC are very knowledgeable in startup business financing. Contact the SBDC for a free and confidential appointment to discuss financing your startup business. In addition training seminars in business financing options are offered throughout the year. Also you may download a *Financing Options for Your Small Business Guide* from the website

www.sbdc.angelo.edu. It is a comprehensive guide to various loans programs and equity financing sources.

RECRUITMENT OF EMPLOYEES AND EMPLOYMENT INCENTIVES

Information regarding **recruitment of employees** and workforce training incentives to small businesses may be obtained from:

Workforce Solutions of the Concho Valley
202 Henry O. Flipper Street
San Angelo, Texas 76903
(325) 653-2321
www.cvworkforce.org

Concho Valley Workforce Development Board
36 E. Twohig, Suite 805
San Angelo, Texas 76903
(325) 655-2005
www.cvworkforce.org

PERMITS & LICENSES

Some businesses will need to obtain a **city license or permit** before commencing business. Please check with the City of San Angelo Building Permits & Inspections listed below if you are unsure of your business' special licensing or permits needs.

In some cases, businesses are required to have an inspection of the building they are going to occupy if extensive renovations have been made. Permits and inspections for **changes of occupancy** and general construction can be obtained through the City of San Angelo.

Building Permits & Inspections
52 West College Avenue
San Angelo, Texas 76903
(325) 657-4420
<http://www.cosatx.us/departments-services/building-permits-inspections>

STATE LICENSES AND PERMITS

The **state** may require certain businesses have other permits before commencing operations. Since the types of permits and licenses are so numerous, please contact the following agency for additional information.

Office of the Governor
Economic Development & Tourism
Post Office Box 12428
Austin, Texas 78711-2428
(800) 843-5789
<http://gov.texas.gov/ecodev>

Some state entities that regulate businesses through the usage of **additional licenses and permits** include, but are not limited, to the following:

Food Service

Environmental Health Division
City of San Angelo
72 West College Avenue
San Angelo, Texas 76903
(325) 657-4493

<http://www.cosatx.us/departments-services/health-services>

Day Care

Texas Dept. of Family & Protective Services
622 South Oakes Street
San Angelo, Texas 76903
(325)-657-7400

<http://www.dfps.state.tx.us/>

Alcohol, Firearms

Texas Alcoholic Beverage Commission
622 South Oakes Street, Suite P
San Angelo, Texas 76903
(325) 659-7931

<http://www.tabc.state.tx.us>

Irrigation & Hazardous Waste

Texas Commission on Environ. Quality
622 South Oakes Street, Suite K
San Angelo, Texas 76903-7013
(325) 655-9479

<https://www.tceq.texas.gov/>

Weight & Measurement Devices

Texas Department of Agriculture
South Central Texas Regional Office
(210) 820-0288
8918 Tesoro Dr., Suite 120
San Antonio, TX 78217
Fax: (888) 203-1235

<https://texasagriculture.gov/About/RegionalOperations/SouthCentralRegionOperations.aspx>

STATE SALES AND FRANCHISE TAXES

STATE SALES TAXES

The Texas State Comptroller's Office is responsible for the administration and collection of all state sales taxes. If you are starting a business in Texas and are not sure if you are required to collect state sales tax or you are uncertain about how much sales tax to collect, then the State Comptroller is the office to contact.

Any business in Texas which sells taxable items or provides a taxable service in Texas or to customers in Texas must have a **sales tax permit**. This permit is required to purchase items for resale without paying state sales tax. An application and more information can be obtained by contacting the local office of the State Comptroller or from visiting its website.

3127 Executive Drive
San Angelo, Texas 76904
(325) 942-8364
www.window.state.tx.us

STATE FRANCHISE TAXES

The Texas State Comptroller's Office is also responsible for the administration and collection of all state business franchise taxes (sometimes called the margins tax). If you are starting a business in Texas and are not sure if you are required to pay state franchise tax, then the State Comptroller is the office to contact. See their contact information above.

The recently revised franchise tax applies to partnerships (general, limited and limited liability), corporations, LLCs, business trusts, professional associations, business associations, joint ventures and other legal entities. The revised franchise tax does **not** apply to:

- sole proprietorships (except the tax does apply to single member LLCs filing as a sole proprietor for federal income tax purposes);
- general partnerships directly and solely owned by natural persons (except the tax does apply to all limited liability partnerships);
- entities exempt under Subchapter B of Chapter 171; and
- passive entities (as defined under TTC 171.0003)

MARKET RESEARCH AND ANALYSIS

For a successful business, you need to ensure there is a market for the goods or services you plan to provide. Your desired customers are your target market. When choosing a location for your business and planning your advertising and marketing, always keep your target group in mind.

The SBDC conducts numerous marketing seminars throughout the year. In addition the experienced SBDC advisors can assist with ideas on how you can go about researching your market, analyzing your target customers and decide how best to reach them through advertising and other marketing tools and ideas.

SBDC NATIONAL INFORMATION CLEARINGHOUSE (SBDCNET)

When advisors with the Small Business Development Center need help with additional information, they can turn to a group of tech-savvy researchers working at the SBDC Network office.

Besides all kinds of business research, these researchers can produce customized reports, market analysis, patent searches and demographic charts and maps to aid counselors across the nation as they work with small businesses trying to start up or expand. And it is all free for clients and accessed by advisors who work for the Small Business Development Center (SBDC) Network.

SBDCNet
501 West Cesar E. Chavez Boulevard
San Antonio, Texas 78207
(210) 458-2747
www.sbdnet.org

SAN ANGELO CHAMBER OF COMMERCE

Membership with the San Angelo Chamber of Commerce can provide various marketing benefits through visibility, business leads, networking opportunities, business referrals, and initial free marketing and advertising opportunities.

San Angelo Chamber of Commerce
418 West Avenue B
San Angelo, Texas 76903
(325) 655-4136
www.sanangelo.org

LOCATION ASSISTANCE

BUSINESS INCUBATOR

You may be interested in a business incubator arrangement as an alternative to office space rental. It may be possible to save on overhead associated with renting and staffing an office from scratch.

Incubator space is a portion of an office that is for rent. When you lease incubator space, you reduce your initial capital investment, which increases the cash flow available for operating your business.

An incubator provides benefits during the financially harsh start-up period. Once your business is flourishing, you may wish to move to long-term rental space of your own.

The business incubator in San Angelo is:
The Business Factory (Located in the Business Resource Center)
69 North Chadbourne Street
San Angelo, Texas 76903

(325) 657-9214
www.cvced.org

COMMERCIAL REAL ESTATE BROKERS

When looking for a location to start your business, consider contacting a commercial real estate broker who can help you locate a building to buy or lease. In addition, the City of San Angelo Development Corporation, Downtown San Angelo, Inc. and the San Angelo Chamber of Commerce usually have knowledge of available commercial buildings in the community. Their contact information is provided at the end of this guide.

CITY OF SAN ANGELO DEVELOPMENT REVIEW COMMITTEE

The Development Review Committee, or DRC, provides an opportunity for prospective or current property owners, developers, engineers, architects, and others to meet with city staff involved with the development process and discuss questions related to a proposed project. This free service insures that you know the necessary regulations, processes, challenges and fees up front before you begin your project. The DRC staff members have over 60 combined years of experience in development projects and can be a valuable asset as you move ahead.

Multi-family, commercial, industrial and manufacturing projects involving new construction, significant additions, or new businesses are strongly urged to request a DRC meeting before submitting any items to the City for approval. DRC Meetings are held on Friday mornings. Contact the Planning and Development Services Department.

Planning and Development Services
Office of the director
52 West College Ave
San Angelo, TX 76903
325-657-4210
<http://www.cosatx.us/departments-services/development-services>

BUILDING CONSTRUCTION OR REMODELING

All building construction is regulated by the City of San Angelo Building Permits & Inspections. If you are building a new building or remodeling an existing structure, you need to have your plans approved by this office. If your plans meet the building and fire code requirements, you will be issued a building permit to begin construction. As many as twenty different inspections may be required during the various phases of construction. These inspections will be scheduled by your contractor through Building Permits & Inspections. Upon completion of construction and final approval, you will be issued a certificate of occupancy.

Please remember to consider contacting the before mentioned City of San Angelo Development Review Committee. The DRC provides an opportunity for prospective or current property owners, developers, engineers, architects, and others to meet with city staff involved with the location development process.

CERTIFICATE OF OCCUPANCY

If you are starting a business in an existing building, you will need a Certificate of Occupancy. Assuming that the business will comply with the zoning requirements, the certificate of occupancy is needed to show that the building meets the city's code requirements. *Utilities cannot be turned on until you receive the certificate.* You can apply for the certificate of occupancy at Building Permits & Inspections. Representatives from the inspection and fire marshal's office will inspect the building to ensure that it complies with the appropriate codes. Building modifications may be required especially if your business represents a different type of land use than the previous occupant.

CHANGE OF OCCUPANCY REQUIREMENTS

1. Any new business being placed in an existing building must check with Building Permits & Inspections to verify if a change of occupancy permit is required. If a change of use is found, a permit will be required.
2. To aid in this process it will help to have an accurate address of the building, a legal description, and information on what type of business was in the building prior to your proposed business.
3. The site will be reviewed to ensure that it meets zoning requirements for the new business. (i.e. paved parking)
4. Inspections will be made by Building Permits & Inspections, the Fire Prevention Division, and if applicable, the Environmental Health (Food Service) Division to ensure code compliance.
5. Once the inspections have been passed the utilities will be cleared and service can be obtained.

ZONING INFORMATION

The City of San Angelo recommends that persons interested in opening a business within the city limits obtain a legal description of the proposed location and check with the City of San Angelo Planning Division to assure the location is appropriately **zoned**. Home-based businesses should also consult with the zoning office to confirm the proposed business is one that is permitted to be operated from a home.

Planning and Development Services Division
52 West College Avenue
San Angelo, Texas 76903
(325) 657-4210 or <http://www.cosatx.us/departments-services/development-services>

UTILITY COMPANIES

Following is a listing of the **utility companies** that a business might need to contact prior to opening their business in San Angelo.

Frontier (business phone)
(855) 821-2813
<https://business.frontier.com/tx/san-angelo>

Atmos Energy
(Gas Company)
(800) 460-3030
www.AtmosEnergy.com

San Angelo Water Utilities
122 West 1st Street
San Angelo, Texas 76903
(325) 657-4323
<http://www.cosatx.us/departments-services/water-utilities>

Texas Electric Choice
Post Office Box 1116
Austin, Texas 78767-1116
(866) 797-4839
<http://www.powertochoose.org/>

AEP-American Electric Power
933 W. 19th Street
San Angelo, Texas 76903
(325) 657-2748
www.aep.com

Suddenlink
(Cable and digital phone)
4272 W Houston Harte
San Angelo, Texas 76901
325-655-8911
www.suddenlink.com

Republic Services
(Waste Collection)
1422 Hughes Street
San Angelo, Texas 76903
(325) 659-9000
www.republicservices.com

Texas Disposal Systems
(Waste Collection)
720 Buchanan Street
San Angelo, Texas 76903
(325) 653-1133
www.texasdisposal.com

EMPLOYEES

EMPLOYEE OR INDEPENDENT CONTRACTOR?

It is important to understand the difference between hiring someone as an employee and contracting with them as an independent contractor. In most cases the relationship is an employment relationship. Some small businesses have run into trouble with the IRS and tax office of the Texas Workforce Commission in terms of monetary penalties and back taxes for miss-classifying workers as independent contractors when they should have been employees. Also specific questions should be directed to the local IRS office or the tax office of the Texas Workforce Commission. Contact information is provided in this guide. See the SBDC website www.sbdc.angelo.edu to download an IRS 20 question test on proper classification.

The Department of Labor requires that certain posters are placed in employee viewing areas throughout place of business. If you are not certain which posters are required of you please visit www.dol.gov. You can also find answers to your questions by visiting the DOL's eLaws website and answering questions interactively. The eLaws Advisors are interactive e-tools that provide easy-to-understand information about a number of federal employment laws. Each Advisor simulates the interaction you might have with an employment law expert. It asks questions and provides answers based on responses given.

Department of Labor (325) 655-2791
U.S. Department of Labor <http://www.dol.gov/elaws/>
33 East Twohig Avenue, Suite 104-B
San Angelo, Texas 76903-6451

WORKFORCE TRAINING AND EMPLOYMENT ISSUES

For workforce training, workforce training incentives, and other employment issues see:

Concho Valley Workforce Development Board
36 E. Twohig, Suite 805
San Angelo, Texas 76903
(325) 655-2005
www.cvworkforce.org

For a handbook on Texas employment law and issues see *Especially for Texas Employers*. The online version can be seen at <http://www.twc.state.tx.us/news/efte/tocmain.html>

STATE UNEMPLOYMENT TAX

If your business has employees, you may be required to pay **state unemployment taxes**. The State Unemployment Tax Act (SUTA) describes state unemployment taxes imposed on employers. The majority of employers are responsible for paying federal and state employment taxes. In Texas, the entity that is in charge of administering the state unemployment program is the Texas Workforce Commission (TWC). Employers should register within 10 days of becoming liable for Texas Unemployment tax. To acquire a TWC account number, employers can register online at www.twc.state.tx.us or submit Form C-1, Texas Workforce Commission

Status Report to establish an account number for a non-farm employer. (Form C-1FR enables the TWC to establish a new account number for a Farm or Ranch employer.) The account number assigned will be used on all state quarterly returns.

For state unemployment tax purposes, only the first \$9,000 paid to an employee by an employer during a calendar year constitutes “taxable wages”. The experience rate for most new employers is 2.7%. An employer must file reports for all quarters even though no tax may be due if the employer has met the tax obligation for the employee for the calendar year. State unemployment tax must be submitted quarterly on Form C-3/C-4 and employers are required to file reports and pay taxes electronically.

Liability is established when several conditions have been met. (Visit the TWC website for a full listing.) Some of the criteria for determining if you are liable employer include the following:

- An employing unit that pays \$1,500 or more in total gross wages in a calendar quarter, or has at least one employee during 20 different weeks in a calendar year regardless of the wages. The employee does not have to be the same person for the 20 weeks. It is not relevant whether the employee is full time or part time.
- An employing unit that paid cash wages of \$1,000 or more in a calendar quarter for domestic services (work performed in a private home, etc.)

After six quarterly returns, a new tax rate will be computed for the employer. If the employer has had any claims filed against their account number, the employer’s tax rate may increase. If no claims have been filed against the account number, the employer’s tax rate may remain constant or decrease.

To determine if you are liable for state employment taxes or if you need help determining how your workers should be classified, contact the TWC by phone or go to www.twc.state.tx.us. Additional information may be obtained from the Regional Tax Office of the Texas Workforce Commission. The West Texas Region has an office in San Angelo:

San Angelo Tax Office (325) 716-2885 Phone
4241 Southwest Boulevard, Suite 105 (325) 224-2521 Fax
San Angelo, Texas 76904

WORKERS' COMPENSATION

Workers' Compensation is not mandatory in Texas, but you should seriously consider carrying such a policy. Workers' Compensation coverage is available through private insurance companies. The Texas Department of Insurance, which regulates all insurance rates, keeps a list of insurance companies qualified to write such policies. To get the best coverage and rates, check with local insurance agents. Contact the State of Texas Services Center for construction contracts and governmental entity exceptions.

State of Texas Services Center (325) 657-0404
622 S. Oakes, Suite M FAX (325) 659-8536
San Angelo, TX 76903-7035 <http://www.tdi.texas.gov/wc/index.html>

EMPLOYMENT TAXES & FORMS INFORMATION

1. Before an employer can pay employees and withhold taxes, the business must apply with the Internal Revenue Service at <https://www.irs.gov/businesses> for an employer identification number with **Form SS-4 (Application for Employer Identification Number.)** An Employer Identification Number (EIN), also known as a Federal Tax Identification Number, is a nine-digit number that the IRS assigns to business entities. The IRS uses this number to identify taxpayers that are required to file various business tax returns. EINs are used by employers, sole proprietors, corporations, partnerships, non-profit organizations, trusts and estates, government agencies, certain individuals and other business entities.
2. Every individual or employing unit which operates a business or organization in Texas (including domestic and agricultural labor), or which has acquired a business or organization which has operated in Texas, is required to pay state unemployment taxes to the Texas Workforce Commission. You will need to complete a **Form C-1 (Status Report)** to be set up as an employer with the State of Texas. You can register online at <http://www.texasworkforce.org/ui/tax/uitaxreg.html>.
3. Employees must complete **Form W-4 (Employer's Withholding Allowance Certificate)**. This form will provide employers with the information (employee's social security number, current address, allowances) they will need to determine the amount of federal tax the employer should withhold from wages. Form W-4 must be signed by the employee to be considered valid. The employer withholds federal tax based on tables in IRS Publication 15 (Circular E) Employers Tax Guide, and the supplemental wage withholding rules in Regulations under Sections 3401 and 3402.
4. Employers must ask each new employee to complete the employee section of an Immigration and Naturalization Service (INS) **Form I-9 (Employment Eligibility Verification.)** Employers must then complete the employer section to verify the employee's identity and eligibility to work. In addition, it is recommended that employers keep a copy of the employee's driver's license and social security card on file. www.uscis.gov/i-9
5. Employee social security numbers should be verified with the Social Security Administration to ensure they are valid. Up to five (5) names/SSNs can be verified by phone at 1-800-772-6270. Names may also be verified at the local Social Security Office, (877) 840-5742.
6. All Texas employers are required to report certain information on all newly hired and rehired employees to a state directory with the Texas Employer New Hire Reporting Operations Center within 20 days of hire by calling 1-888-839-4473 or by reporting online at <http://employer.oag.state.tx.us>.

7. Social Security tax withheld from employee wages is 6.2% with a maximum wage base of \$118,500 for 2016, and 127,200 for 2017. Medicare tax withheld from employee wages is 1.45% with no wage limit. The employer's share of employment taxes is 6.2% for Social Security tax and 1.45% for Medicare tax. Individuals earning more than \$200,000 will have an additional .9% Medicare tax deducted from their wages. This is an employee tax only. The employer is not required to match this additional tax.
8. Amounts withheld plus the employer's matching portion must be deposited in accordance with one of two deposit schedules, monthly or semi-weekly. Before the beginning of each calendar year, you must determine which of the two deposit schedules you are required to use. The deposit schedule you must use is based on the total tax liability you reported on Form 941 (discussed below) during a look back period. The deposit schedule is not determined by how often you pay your employees or make deposits. The look back period is a four quarter period that begins on July 1st and ends June 30th of the previous year. Your deposit schedule is determined from the total taxes reported on line 10 of Form 941 for the four quarter look back period. If you reported \$50,000 or less of taxes for the look back period, you are a monthly schedule depositor. If you reported more than \$50,000, you are a semi-weekly schedule depositor.

Under a monthly deposit schedule, amounts withheld plus the employer's matching portion must be deposited within 15 days after the end of the month. New employers are considered monthly schedule depositors. *If the employer's total taxes are less than \$2,500 for the current or preceding quarter, and the employer did not incur a \$100,000 next-day deposit obligation, payment may be sent with Form 941.

Payroll Deposit Deadlines

Type of Depositor	Monthly	Semi-Weekly	
Deposit Due Dates	15 th day of following month	Payday on: Wednesday, Thursday, Friday Payday on: Saturday, Sunday, Monday, Tuesday	Due on: Following Wednesday Due on: Following Friday
How Determined	1. Total Federal payroll taxes were \$50,000 or less in the lookback period; or 2. New Employer	Total federal payroll taxes were more than \$50,000 in the lookback period.	

Deposits must be made electronically through EFTPS (Electronic Funds Transfer Payment System). There is a 10% penalty for late payments. *If the employer is a monthly schedule depositor and accumulates a \$100,000 tax liability on any day during the deposit period, the employer becomes a semi-weekly schedule depositor on the next day and remains so for at least the rest of the current calendar year and the following calendar year. To get more information or to enroll in EFTPS, visit the EFTPS website at www.eftps.gov or call 1-800-555-4477.

9. A **Form 941** (Employer's Quarterly Federal Tax Return) must be filed quarterly with the IRS regarding withheld income tax and social security and Medicare taxes. These quarterly returns must be filed by the last day of the month that follows the end of each calendar quarter. For Texas businesses, the return must be sent to:

(If a payment IS NOT sent with 941 Form)	(If a payment IS sent with 941 Form)
Department of the Treasury	Department of the Treasury
Internal Revenue Service	Internal Revenue Service
Ogden, UT 84201-0005	PO Box 37941
	Hartford, CT 06176-7941

10. The net Federal Unemployment Tax Act (FUTA) rate is 6.0% in the State of Texas. The FUTA tax is figured on the first \$7,000 in wages paid to each employee annually. If at the end of **any** calendar quarter you owe, but have not yet deposited, more than \$500 in FUTA for the year, you must make a deposit through EFTPS by the end of the following month.

11. SUTA, or State Unemployment Taxes, are paid on the first \$9,000 of wages paid to an employee in a year at a rate determined and paid to the Texas Workforce Commission, on a quarterly basis. The rate for first year employers is 2.7%. All reports and payments should be filed electronically. Visit their website at www.twc.state.tx.us or call the local San Angelo office at (325) 716-2885. See the "State Unemployment Taxes" section above for more details.

12. A **Form 940** (Employer's Annual Federal Unemployment or FUTA Tax Return) must be filed annually and is due January 31 after the year ends. For Texas businesses, the return must be sent to:

(If a payment IS NOT sent with 940 Form)	(If a payment IS sent with 940 Form)
Department of the Treasury	Department of the Treasury
Internal Revenue Service	Internal Revenue Service
Ogden, UT 84201-0046	PO Box 37940
	Hartford, CT 06176-7940

13. A **Form W-2** (Wage and Tax Statement) and **Form W-3** (Transmittal of Income and Tax Statements) must be completed and filed on an annual basis. The employee copy of the completed Form W-2 should be furnished to each employee by January 31. The Social Security Administration encourages all employers to e-file. You must e-file if you are required to file 250 or more Forms W-2 or W-2c. If you are required to e-file but fail to do so, you may incur a penalty. The due date for e-filing 2016 W-2 with the SSA is January 31, 2017. To obtain e-file information, visit the SSA's Employer W-2 Filing Instructions & Information website at www.socialsecurity.gov/employer.

If you are filing using paper forms, you must file the government copy (Copy A) of Form W-2 with Form W-3 by January 31st. You may owe a penalty for each W-2 that you file late. Send forms to the following address:

Social Security Administration
Data Operations Center
Wilkes-Barre, Pennsylvania 18769-0001

14. If you paid \$600 or more for fees, commissions or other forms of compensation to an individual who is not your employee for services performed in your trade or business, you must file a **Form 1099-MISC** (Miscellaneous Income). The recipient copy of Form 1099-MISC should be furnished to each payee by January 31. You are strongly encouraged to use **Form W-9** (Request for Taxpayer Identification Number and Certification) to request a payee's taxpayer identification number and to certify all of the information is correct.

If you are filing using paper forms, you must file the government copy (Copy A) of Form 1099-Misc with a **Form 1096** (Annual Summary and Transmittal of U.S. Information Returns) by the last day in February to the address below:

Department of the Treasury
Internal Revenue Service
Austin, Texas 73301

To obtain any of the forms listed above, contact the Internal Revenue Service at (800) 829-4933 or www.irs.gov.

If you have employees, you must keep all employment tax records for at least four years after the date the tax becomes due or is paid, whichever is later. I-9 forms and additional employment verification information must be kept for three years from the date of hire or one year after termination, whichever is later.

MINIMUM WAGE REQUIREMENTS

The Fair Labor Standards Act (FLSA) establishes minimum wage, overtime pay, recordkeeping, and child labor standards affecting full-time and part-time workers in the private sector and in Federal, State, and local governments. Covered nonexempt workers are entitled to a minimum wage of \$7.25 per hour effective July 24, 2009. Overtime pay at a rate of not less than one and one-half times their regular rates of pay is required after 40 hours of work in a workweek.

<http://www.dol.gov/whd/index.htm>

1-866-4-USWAGE

(1-866-487-9243)

OFFICE OF THE ATTORNEY GENERAL

All Texas employers are required to report certain information on all newly hired and rehired employees to a state directory.

Texas Employer New Hire Reporting
Operations Center
Post Office Box 149224
Austin, Texas 78714-9224

(888) TEX-HIRE (839-4473)

<http://employer.oag.state.tx.us>

SOCIAL SECURITY NUMBER VERIFICATION

Employee social security numbers should be verified with the Social Security Administration to ensure they are valid. Names/SS#'s can be verified by phone at 1-800-772-6270.

www.ssa.gov/employer/ssnv.htm

INTERNAL REVENUE SERVICE

Additionally, some of the following **IRS publications** may be of particular interest to the new business person. You can obtain these by calling the number above or by visiting the IRS web site at <http://www.irs.gov>.

Publication 583—Starting a Business & Keeping Records

Publication 334—Tax Guide for Small Businesses

Publication 533—Self-Employment Tax

Publication 15—Circular E, Employer's Tax Guide

Internal Revenue Service business **tax-related questions** are usually referred to the following numbers.

Internal Revenue Service
Business Tax Questions
(800) 829-4933

Local IRS Office
33 E. Twohig, Federal Building
San Angelo, Texas 76903
(325) 653-0082

To obtain forms on the Web, visit <http://www.irs.gov>. You should also determine whether any **federal permits or licenses** are required and check with the appropriate federal agency for additional information.

OTHER HELPFUL AGENCIES AND ORGANIZATIONS

There are a number of **other business-oriented establishments and agencies** that assist businesses in organizing the start-up of a new business. Some of the more common organizations are listed below.

San Angelo Chamber of Commerce
418 West Avenue B
San Angelo, Texas 76903
(325) 655-4136
www.sanangelo.org

West Texas Training Center
3501 North U. S. Highway 67
San Angelo, Texas 76905
(325) 942-2800

Better Business Bureau
3134 Executive Drive
San Angelo, Texas 76904
(325) 949-2989
www.sanangelo.bbb.org

Downtown San Angelo, Inc.
24 West Concho Avenue
San Angelo, TX 76903
325-655-2345
<http://www.downtownsanangelo.com/>

Tom Green County Appraisal District
2302 Pulliam Street
San Angelo, Texas 76905
(325) 658-5575
www.tomgreencad.com

ASU Small Business
Development Center
69 North Chadbourne Street
San Angelo, Texas 76903
(325) 942-2098
www.sbdc.angelo.edu

The Business Factory (Business Incubator)
69 North Chadbourne Street
San Angelo, Texas 76903
(325) 657-9214
www.cvced.org

Concho Valley Workforce Development
Board
36 E. Twohig, Suite 805
San Angelo, Texas 76903
(325) 655-2005
www.cvworkforce.org

City of San Angelo Development
Corporation
69 North Chadbourne Street, Suite 120
San Angelo, Texas 76903
(325) 653-7197
www.sanangelodevelopment.com

Workforce Solutions of the Concho Valley
202 Henry O. Flipper Street
San Angelo, TX 76903-7008
(325) 653-2321
(800) 996-7589
<http://www.cvworkforce.org/>