

## Starting a new Business?

### *Here's how to get started....*

1. Business Plan
  - a. Using words and numbers, identify what you want and what you need to get there.
  - b. Summary of mission, mandate, market and methods.
2. Choose the Form of Business Ownership
  - a. Sole proprietor, sole owner/not incorporated
  - b. Partnership, more than one owner/not incorporated
  - c. Corporation, one or more shareholders
3. Choose a Name
4. Register your Business Name
  - a. Must register or incorporate if operating under any name but your own.
  - b. Registration is valid for 5 years, must renew within 2 months of the 5 year anniversary.
  - c. If you wait longer than 2 months than you must register again, it is too late to renew.
  - d. \$2,500 fine for not registering.
  - e. Can be done online at  
<https://www.appmybizaccount.gov.on.ca/sodp/portal/osb>
5. Financing
  - a. If you plan on applying for financing to get your business started, count on needing a solid business plan.
  - b. Interest is deductible. Can use personal debt and assets if for business purposes.
6. Business License
  - a. Check into your municipality's regulations for different licensing requirements.
7. Register for HST
  - a. All businesses making \$30,000 or more in gross revenues must be registered for HST and remit all HST collected (quarterly or annually).
  - b. You may choose to wait until you reach the \$30,000 threshold to register for CRA, and some small businesses may not reach that income level so they are not required to register at all; however, you cannot claim the HST ITCs (input tax credits) that you have paid on expenses and asset purchases.
  - c. If your ITCs are greater than the tax you have collected on revenue than you receive a refund of the difference.



- d. Call CRA to open your HST account: 1-800-959-5525 (then \*) or go online [www.cra.gc.ca](http://www.cra.gc.ca)
8. Business Insurance:
  - a. Insurance is deductible if for business purposes, e.g. general liability, inventory & assets
  - b. Special rules for vehicle and home insurance
  - c. Contact your home insurance provider to ensure business coverage of home office
9. Register for Payroll
  - a. Before you hire your first employee, call CRA to open a payroll account. They will send you your first source deductions remittance form.
  - b. Source deductions include income tax, CPP and EI withheld from an employee's pay and can be calculated using the CRA's Payroll Deductions Online Calculator on their website.
  - c. Source deductions are due by the 15<sup>th</sup> of the following month. They are based on the date of the paycheques, not the pay period.
10. Determine if you need to register for WSIB: 800-387-0750 or <http://www.wsib.on.ca/>
11. Now that you have all those tasks done it's time to *Get Organized*
  - a. Open a business bank account.
  - b. Get business cheques with stubs or duplicates and use the memo line on cheques to identify reason for cheque.
  - c. Obtain a business credit card.
  - d. Keep all business receipts separate from personal.
  - e. Sufficient documentation for all money spent:
    - i. Always get a receipt with date, item purchased and HST on item.
    - ii. If the receipt is unclear, label it with missing information so there is no confusion.
  - f. If you are using a vehicle to do any business, you must keep a log of total km and identify which are used for business related trips. Track gas, insurance, repairs, and loan interest (or lease payments) for the year.
  - g. Home office:
    - i. Normally, can only claim this if you do not have a separate office away from home.
    - ii. Calculate a reasonable percentage of the area used as your office versus the total square footage of your house.
    - iii. Track utilities, mortgage interest, property taxes (or rent), and insurance for the year.

Remember, CRA requires you to keep records for six years (in addition to the year you're in).

**Questions? We're here to help!**