



CHECKLIST FOR ESTABLISHING A PROFESSIONAL CONSULTING BUSINESS

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The following checklist is a general summary of some of the issues that a professional who is establishing their own consulting practice might encounter when starting a consulting business in North Carolina:

1. **Corporate Structure:** Consider what type of entity would be appropriate for your business. Would an S Corp or an LLC be more appropriate for you? Both are tax pass throughs but there are different requirements and tax issues for each. Be sure to discuss with your accountant FICA and self-employment taxes when making your decision. Do you want to have a payroll and file your taxes with payroll or do you want to make quarterly payments? Once you make a decision, you will need to file the appropriate corporate paperwork with the Secretary of State. If you elect to be an S Corp, file Form 2553 to be taxed as an S corp within 75 days of starting your business.
2. **What is the name of your new business?** Do you want to have a logo designed and if so, do you want to copyright your logo?
3. **File for a Federal Tax ID Number:** Use the following link:
<http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Apply-for-an-Employer-Identification-Number-%28EIN%29-Online>

Be careful not to use the other sites that look like the federal government—they will charge you for something that is free.

4. **Open a Bank Account/Credit Card:** You will need the federal Tax ID No. and your corporate documents.
5. **Estimated Taxes:** Depending on which corporate structure you choose, you will be required to make quarterly tax payments for both federal and state. For corporate payrolls you will also need to file and make payments under Form 941 for federal taxes on a quarterly or other basis and Form NC-5 on a monthly basis for state taxes. Be sure to schedule on your calendar.

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6. **Unemployment Taxes:** You will be required to file Form NC UI-101 on a quarterly basis, usually with the Form NC-5.
7. **Office Equipment/Phone:** What types of furniture, computers, printers, or scanners will you require? Do you want a separate phone number?
8. **Office Space:** Will you require office space? If so, how much? Consider working with a broker who acts as your agent. The broker will be paid by the landlord.
9. **Website:** Do you want to have a website? Do you want to develop it yourself or hire a design firm? There are different types—some allow you to make changes easily, others do not. Look into different rates for hosting the site. Will you do search engine optimization?
10. **Marketing:** How will you promote your business? Will you advertise or use word of mouth? How will you get the word out?
11. **Billing Software:** What type of billing software will you use? There is a billing feature on Quick Books. There are also services such a Bill for Time that work well for professionals, are easy to use, and are reasonably priced.
12. **Filing System:** What sort of filing system will you use? A lot of folks are going paperless. A good stand alone scanner is helpful if you want to go this route. You may also want to consider cloud storage. It is important to focus on security and backups.
13. **Start-up Expenses:** Keep track of all start-up expenses.
14. **Growth:** As your business grows, you may need to add employees, which will require filing addition tax forms, etc.