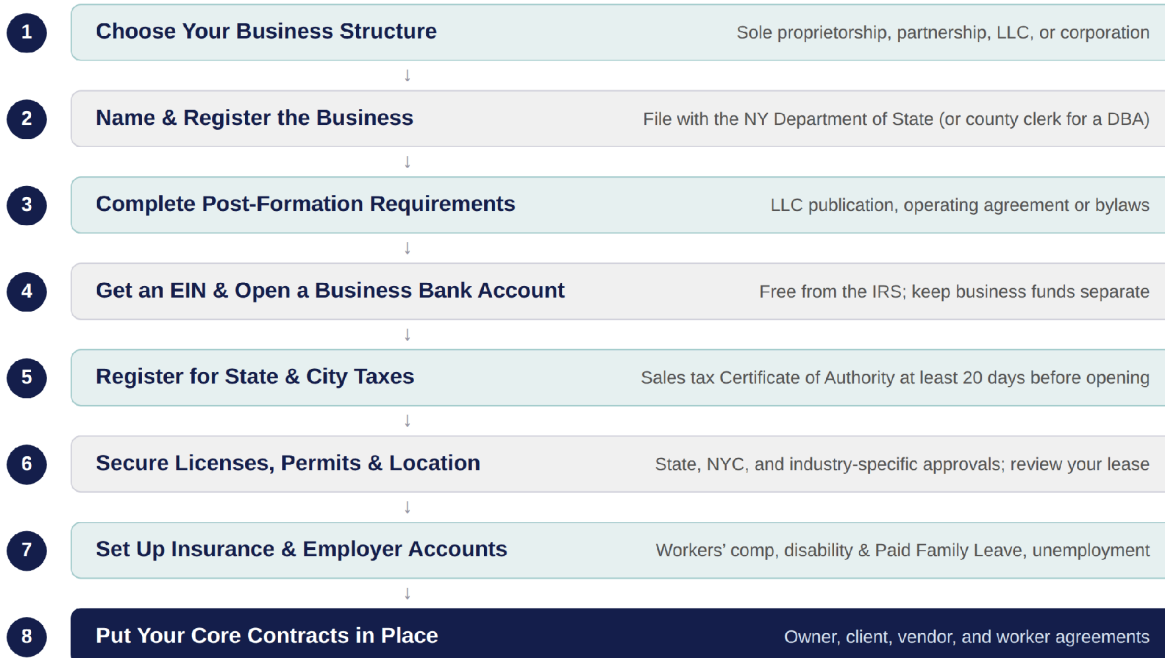


How to Start a Business in New York

A Client Guide from the Law Offices of Jason G. Krantz, PC

Starting a business is exciting — and in New York, it also comes with a longer checklist than most people expect. Between state filings, city taxes, licensing, and employer obligations, it's easy to miss a step that turns into a penalty or a problem later. This guide walks through the key steps involved in launching a new business in New York, in the order most owners tackle them.

Your Roadmap at a Glance



1. Choose Your Business Structure

Your structure determines your personal liability, how you're taxed, and how much paperwork you'll face. The most common options are:

- **Sole proprietorship** — the default for a one-owner business; simple, but offers no protection for your personal assets
- **General partnership** — the default for two or more owners; each partner can be personally liable for the business's debts

- **Limited liability company (LLC)** — personal liability protection with flexible management and pass-through taxation
- **Corporation** — a more formal structure preferred by outside investors, with C or S corporation tax options

Good to know: Licensed professionals — such as attorneys, physicians, accountants, and architects — generally must use a professional LLC (PLLC) or professional corporation (PC).

2. Name and Register Your Business

Search the New York Department of State's database to confirm your name is available, and consider a trademark search before investing in branding. LLCs file Articles of Organization (\$200) and corporations file a Certificate of Incorporation (\$125 plus a small tax on shares). Sole proprietors and general partnerships operating under a name other than the owner's own file a business certificate with the county clerk instead.

If an LLC or corporation will do business under a different name, it must file a Certificate of Assumed Name (a "DBA") with the Department of State — \$25, plus \$100 for each New York City county where the business operates.

3. Complete Your Post-Formation Requirements

Filing the formation document is only the beginning.

- **LLCs must publish.** Within 120 days, an LLC must publish a notice of formation for six consecutive weeks in two newspapers designated by the county clerk, then file a Certificate of Publication (\$50). Missing this deadline suspends the LLC's authority to do business.
- **LLCs need an operating agreement** within 90 days of filing.
- **Corporations need bylaws**, an organizational meeting, and stock issued to shareholders.
- **Every entity files a biennial statement** (\$9) with the Department of State every two years to keep its information current.

4. Get an EIN and Open a Business Bank Account

An Employer Identification Number (EIN) is your business's federal tax ID. It's free from the IRS and is required to open a business bank account, hire employees, and file most business tax returns. Keeping business and personal funds completely separate is one of the most important steps in preserving your liability protection.

5. Register for State and City Taxes

- **Sales tax.** If you'll sell taxable goods or services, you must obtain a Certificate of Authority from the New York State Department of Taxation and Finance at least 20 days before you begin doing business. The combined sales tax rate in New York City is 8.875%.
- **New York City business taxes.** Depending on your structure, your business may owe the Unincorporated Business Tax (UBT) or the Business Corporation Tax — and New York City taxes S corporations at the entity level.
- **Elections and deadlines.** Decide early, with your accountant, whether to make an S corporation election (which in New York requires a separate state filing) or to elect into the Pass-Through Entity Tax.

6. Secure Licenses, Permits, and Your Location

Licensing depends on your industry and location. Some businesses need state licenses (for example, contractors, real estate, and alcohol sales), while many others need licenses or permits from New York City agencies such as the Department of Consumer and Worker Protection or the Department of Health and Mental Hygiene. The city's NYC Business portal is a helpful starting point.

Before signing a lease, confirm that zoning and the building's Certificate of Occupancy allow your intended use — and have the lease reviewed, especially any personal guaranty.

7. Set Up Insurance and Employer Accounts

Hiring your first employee triggers a new set of obligations in New York:

- **Workers' compensation insurance** is required for nearly all employers.
- **Disability and Paid Family Leave coverage** is required once you've employed one or more people on at least 30 days in a calendar year.
- **Unemployment insurance registration** with the New York State Department of Labor.
- **New hire reporting** to New York State within 20 days of hire.
- **Wage and leave compliance** — including New York City's minimum wage, the required written pay notice at hiring, and the city's paid safe and sick leave law.

Good to know: General liability and, for many service businesses, professional liability insurance are strongly recommended — and many commercial landlords and clients require them.

8. Put Your Core Contracts in Place

Before your first sale, make sure the key agreements are ready: an operating or shareholder agreement among the owners, client service agreements or terms of sale, independent contractor and employment agreements, and confidentiality and IP protections. Clear contracts from day one prevent the disputes that most often derail new businesses.

The Bottom Line

Launching a business in New York involves more steps than most owners anticipate — but each one is manageable with a clear plan. Getting the foundation right from the start protects your personal assets, keeps you on the right side of state and city requirements, and lets you focus on what matters most: growing your business.

Start Your Business on Solid Ground

From choosing the right structure to drafting the agreements that protect you, we can help you launch with confidence. Schedule a consultation with the Law Offices of Jason G. Krantz, PC, and let's get your business started the right way.

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