

Tax Information and Filing Requirements

A significant task that new business owners face is complying with the extensive tax and information filing requirements imposed by various governmental agencies. Stiff penalties are commonly assessed if the required forms and returns are not properly prepared and filed in a timely manner. There are several forms required to be filed when the business is started. While this is not intended to be an all-inclusive list of the filing requirements, it summarizes the most prominent requirements common to most businesses. Many industries have specific filing requirements that are not part of the following text, but should not be overlooked.

Professionals with experience in your industry should be consulted to assure that any such filings are properly handled. Please refer to the "Additional Information and Technical Assistance" for contact information at the Internal Revenue Service and the State of Wisconsin Department of Revenue.

Internal Revenue Service (IRS)

All tax forms filed with the IRS require the use of an Employer Identification Number (EIN). This number is obtained by filing Form SS-4 with the IRS. You can also apply for an EIN immediately by calling 1-866-816-2065. A completed SS-4 then must be filed within 24 hours. A new business will not need an EIN if it has no employees and is organized as a sole proprietorship. The proprietor's Social Security Number is used to identify the business.

The IRS has publications to assist small business such as the *Tax Guide for Small Business* and *Starting a Business and Keeping Records*. The IRS also holds workshops for people starting a small business. Please call the IRS Taxpayer Education Department at (414) 297-3302 for information.

The IRS website offers special pages of information and links for small business owners and self-employed person(s). The site is www.irs.gov/businesses/small/index.html.

Income Tax

Income tax laws are extensive and can be confusing. A qualified accountant or tax attorney should be consulted when you are dealing with income taxes. Income taxes have a direct result and a potentially significant impact on the cash flow of your business. The business owner may request an extension to file tax returns; however, these extensions do not extend the time for paying the tax.

Proper tax planning is essential in order to make the most of the income tax laws. You will probably need to develop a relationship with a qualified professional who has experience with the taxation of your type of business. Tax planning is not a onetime shot right before the return is due. Tax planning is a year round endeavor requiring communication on both sides. If your company is doing business in more than one state it is essential that you familiarize yourself with tax laws and filing requirements of each of those states. Each state has its own rules and regulations; if you are in non-compliance you may be barred from doing business in that state.

Income tax laws are quite complicated. The amount you may save by attempting to tackle your own taxes, particularly as they relate to a business, can be greatly overshadowed by the expense you may incur if you make a mistake. This takes on greater significance when the return is for a corporation—especially the first return. However, a far greater consideration than potential mistakes is missing opportunities, which may be available to you and your business. Therefore, you should look to a qualified tax attorney or accountant.

Wisconsin Department of Revenue (DOR)

All new businesses operating as retailers selling tangible personal property or performing taxable services in Wisconsin must file Form BTR-101 Application of Permit to obtain a seller's permit number. This same application must also be filed to obtain a Wisconsin EIN (Employer Identification Number) for payroll tax purposes. The DOR uses information provided on BTR-101 to determine filing requirements for sales/use tax and withholding tax. There is a nominal fee required for a seller's permit.

The DOR website contains a wealth of information for small business owners and prospective entrepreneurs. For more information contact them by phone at 608-266-2776 or visit www.dor.state.wi.us.

Wisconsin Department of Workforce Development (DWD)

DWD requires new employers to file a Wisconsin Employers Report to determine their status for Wisconsin unemployment tax purposes. Generally, employers are liable for unemployment tax if they pay Wisconsin wages of \$1,500 or more in any calendar quarter or employ one individual (full or part time, not necessarily the same persons) in each 20 or more calendar weeks in Wisconsin. The DWD website is www.dwd.state.wi.us.