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# CompuRecycling Center, Inc.

501(c)(3) Technical Agency \* MS Delta SBDC Center

Located in Business Technology Complex

1719 George Abraham Blvd Greenville, MS 38703

Website: [compurecyclingcenter.org](http://compurecyclingcenter.org) Email: [compurecyclingcenter@gmail.com](mailto:compurecyclingcenter@gmail.com)

Telephone: 662 335 2060

Alt: 662 822 5751

## 10 Steps to Starting A Business in Arkansas

### • 1. Choose a Business Idea

Take some time to explore and research ideas for your business. At this stage, take into consideration your own interests, skills, resources, availability, and the reasons why you want to form a business. You should also consider the likelihood of success based on the interests and needs of your community.

After you select an idea, consider drafting a business plan [comprecyclingcenter.org](http://comprecyclingcenter.org) to evaluate your chances of making a profit. When you create a plan, you will have a better idea of the startup costs, your competition, and strategies for making money. Investors and lenders will ask to review your business plan before providing financial assistance.

### 2. Decide on a Legal Structure

The most common legal structures for a small business are:

- sole proprietorship
- partnership
- limited liability company (LLC), and
- corporation

There also are special versions of some of these structures, such as limited partnerships and S corporations. You'll want to consider which business entity structure offers the type of liability protection you want and the best tax, financing, and financial benefits for you and your business.



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## 3. Choose a Name

For LLCs and corporations, you will need to check that your name is distinguishable from the names of other business entities already on file with the Arkansas Secretary of State (SOS). You can check for available names by doing a [business entity search](#) on the SOS website. You can reserve an available name for 120 days by filing an [Application for Reservation of Entity Name](#) either online or on paper. There are certain name requirements for LLCs and corporations (like including a word such as "LLC" for LLCs or "Company" for corporations).

Is your business a sole proprietorship or partnership that uses a business name that is different from the legal name of the business owner (for a sole proprietorship) or surnames of the individual partners (for a partnership)? If so, you must file an assumed name certificate (also known as a Doing Business As or DBA certificate) in the counties where you do business. Check county websites for more information.

If you plan on doing business online, you may want to register your business name as a domain name. In addition, to avoid trademark infringement issues, you should do a federal and state trademark check to make sure the name you want to use is not the same as or too similar to a name already in use.

## 4. Create Your Business Entity

- **Sole proprietorship:** To establish a sole proprietorship in Arkansas, you don't need to file any organizational documents with the state.
- **Partnership:** To create a general partnership in Arkansas, you don't need to file any organizational documents with the state. Although not legally required, all partnerships should have a written partnership agreement. The partnership agreement can be very helpful if there is ever a dispute among the partners. To form a limited liability partnership (often used by professionals), you must file a Statement of Qualification with the Arkansas SOS.



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- **LLCs:** To create an LLC in Arkansas, you must file [Articles of Organization](#) with the Arkansas SOS. You will also need to appoint a registered agent in Arkansas for service of process. In addition, while not required by law, you also should prepare an operating agreement to establish the basic rules about how your LLC will operate. The operating agreement is not filed with the state.
- **Corporations:** To create a corporation in Arkansas, you must file [Articles of Incorporation](#) with the Arkansas SOS. You will also need to appoint a registered agent in Arkansas for service of process. Although not legally required, you also should prepare bylaws to establish your corporation's internal operating rules. Bylaws are not filed with the state. S Corporations must also file IRS [Form 2553, Election by a Small Business Corporation](#), with the IRS.

## 5. Apply for Arkansas Licenses and Permits

**Tax Registration.** If you will be selling goods in Arkansas, you must register with the Department of Finance and Administration (DFA) to collect sales tax. If your businesses will have employees, you must register with the DFA for employer withholding taxes. You can register for both types of tax, as well as other business taxes, either online via the [Arkansas Taxpayer Access Point](#) (ATAP) or on paper using [Form AR-1R, Combined Business Tax Registration Form](#).

**EIN.** If your business has employees or is taxed separately from you, you must obtain a federal Employer Identification Number (EIN) from the IRS. Even if you are not required to obtain an EIN, there are often business reasons for doing so. Banks often require an EIN to open an account in the business's name and other companies you do business with may require an EIN to process payments. You can get an EIN by completing an online application on the [IRS website](#). There is no filing fee.



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**Regulatory licenses and permits.** These cover areas such as:

- health and safety
- the environment
- building and construction; and
- specific industries or services.

Different licenses and permits are issued by different agencies. Examples include the Department of Health and the Arkansas Contractors Licensing Board. For more details, check the [Arkansas Small Business and Technology Development Center](#) (ASBTDC) for access to the guide *License, Permit, & Tax for Arkansas Small Businesses*. For information about local licenses and permits, check the websites for any cities or counties where you will do business

**Professional and occupational licenses.** These cover people who work in various fields. The Arkansas Division of Workforce Service has a list of licensed occupations and professions.

## 6. Pick a Business Location and Check Zoning

You'll need to pick a location for your business and check local zoning regulations. Before you commit to a location, take time to calculate the costs of running your business in the desired spot, including rent and utilities. You can refer back to your business plan to evaluate whether you can afford your desired location during your company's early months.

It is important to verify that the spot is zoned for your type of business. You might find zoning regulations for your town or city by reviewing your local ordinances and contacting your town's zoning or planning department.

One alternative to opening your business at a new location is running your company out of your home. If you decide to run a home-based business, again check your local zoning laws. In addition, review your lease (if you rent your home) and



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homeowners association rules (if applicable), either of which might ban some or all home businesses.

## 7. File and Report Taxes

Arkansas taxes every kind of business

**Sole proprietorships.** Pay state taxes on business income as part of their personal state income tax returns ([Form AR1000](#)).

**Partnerships.** Partners pay state taxes on partnership income on personal tax returns. In addition, Arkansas partnerships also must file [Form AR1050](#), *Partnership Tax Return*.

**LLCs.** Members pay state taxes on their share of LLC income on personal tax returns. In addition, LLCs themselves have to file an additional state tax form — either a partnership return or a corporation return. The specific form used will depend on how the LLC is classified for federal tax purposes. LLCs also are required to file an annual report with the Arkansas SOS which includes payment of the state's franchise tax.

**Corporations.** Shareholders must pay state taxes on their dividends from the corporation. A shareholder-employee with a salary also must pay state income tax on his or her personal state tax return. Moreover, the corporation itself is subject to Arkansas corporation taxes. And, finally, corporations must file an annual report with the Arkansas SOS which includes payment of the state's franchise tax.

If you have employees, you must also deal with state employer taxes.

And, apart from Arkansas taxes, there are always federal income and employer taxes. Check [IRS Publications 334, Tax Guide for Small Business](#), and [583, Taxpayers Starting a Business](#).



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### **8. Obtain Insurance**

Business insurance can protect your company and your personal assets from the fallout of unexpected disasters, such as personal injury lawsuits or natural catastrophes. An insurance agent can help you explore the different coverage options, such as general liability insurance to protect your business against claims relating to bodily injury or property damage.

### **9. Open a Business Bank Account**

No matter the type of business you form, you should consider opening a separate business account to make it easier to track your income and expenses. For some business types, like LLCs and corporations, a separate bank account is necessary to maintain your liability protection.

### **10. Develop Your Business Plan**

Contact to [comprecyclingcenter.org](http://comprecyclingcenter.org) develop your business plan.