



BUSINESS QUICK START GUIDE **ONLINE BUSINESS**



Free One-on-One Consulting is Available

Small business technical assistance centers are available throughout the State of California to provide you with direct one on one support **at no cost to you.**

To find your nearest center, visit business.ca.gov/centers



BUSINESS QUICK START GUIDE FOR ONLINE BUSINESSES

An online business refers to a business that conducts transactions over the internet. Some online businesses maintain a warehouse to store goods that will be shipped while others are based in private residences. Below is a list of general local, state, and federal requirements that may apply to these business types.

AT THE STATE AND FEDERAL LEVEL:

- **California Secretary of State (SOS) Filing** – Not necessary for sole proprietors, but if you intend to form a corporation, limited liability company, or partnership; you must file with the SOS.
 - SOS Forms: <http://www.sos.ca.gov/business/be/forms.htm>.
- **Income Taxes** – All businesses are required to file State income tax with the Franchise Tax Board (FTB) and Federal taxes with the Internal Revenue Service (IRS):
 - FTB: https://www.ftb.ca.gov/businesses/index.shtml?WT.mc_id=Global_Businesses_Tab
 - IRS: <http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Business-Taxes>
- **Sales & Use Tax** – If you will be selling tangible property, consult the California Department of Tax and Fee Administration (CDTFA) for a Seller's Permit. You may also qualify for a Resale Certificate. *Note: These activities were formerly administered by the Board of Equalization (BOE).*
 - Seller's Permit info: <http://www.cdtfa.ca.gov/services/permits-licenses.htm>
 - Resale Certificate info: <https://www.cdtfa.ca.gov/formspubs/pub103/>
 - Form for Resale Certificate: <https://www.cdtfa.ca.gov/formspubs/cdtfa230.pdf>
 - Tax Information for Online Sales: <https://www.cdtfa.ca.gov/services/>
- **For Employers** – If your business will have employees, be advised of the following:
 - **Wages, Hours, & Working Conditions** – Businesses with employees must comply with laws establishing minimum standards for wages, hours, and working conditions. Consult the California Department of Industrial Relations website at: <https://www.dir.ca.gov/dlse/>



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- **Worker's Compensation** – Businesses with employees must maintain Worker's Compensation Insurance coverage. Consult the California Department of Industrial Relations website
At: <https://www.dir.ca.gov/dwc/>
- **Employment Development Department (EDD) Registration** – An employer is required to file a Registration Form within 15 days after paying more than \$100 in wages to one or more employees. Please consult the California EDD website at http://www.edd.ca.gov/Payroll_Taxes/Am_I_Required_to_Register_as_an_Employer.htm#business_subject.
- **Federal Employer Identification Number (EIN)** – Employers with employees, business partnerships, and corporations, must obtain a Federal EIN from the IRS. Businesses can obtain appropriate federal income tax forms from this location. Please consult the IRS website at: <https://www.irs-ein-tax-id.com/>

AT THE LOCAL LEVEL:

- **Business License** – Most local governments require a business license (or business tax registration). If your business is in incorporated city, contact the city. If your business is in unincorporated area, contact the county.
- **Zoning** – Whether yours will be a home-based business or will occupy commercial space, consult your local planning department to be sure your business activities are permitted. If your business is in incorporated city, contact the city. If your business is in unincorporated area, contact the county.
- **Fictitious Business Name** – A Fictitious Business Name or Doing Business As (DBA) statement is required when: the business name does not include the surname of the individual owner(s) and each of the partners; the business name suggests the existence of additional owners; or the nature of the business is not evident by the name of the business. This is always obtained from the county in which a business is located.
- **Small Business Development Center** – You can also check in with your local Small Business Development Center (SBDC) as well. The SBDCs assist small businesses in starting or growing and offer free advice and consulting. To find an SBDC closest to you, click this link and enter your zip code: <http://americassbdc.org/home/find-your-sbdc/>, they may be better equipped to advise you on local requirements.



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- **Charitable Solicitation Requirements** – Many California cities and counties have passed charitable solicitation ordinances to protect their citizens against fraudulent solicitation. These ordinances may require charities and charitable fundraisers to register, certify their tax-exempt status, obtain a license to solicit, and file accountings of fundraising proceeds. Most California counties and large cities maintain a charitable solicitation licensing office. It may be a separate department or part of the police or sheriff's department. For city and county contact information, please contact them.

ONLINE PERMIT ASSISTANCE TOOL:

You can use our online permit assistance tool, **CalGOLD** (www.calgold.ca.gov), to identify local, state, and federal permit information for businesses. The online tool provides webpage links, application forms, and contact information for the various agencies that administer and issue these permits. For permits and registrations administered by the State of California, CalGOLD also includes a Forms and Fee Finder with direct links to applications and fee information. Once at the website, input your city and type of business. If your business is not listed, you can select "General Business Information" for a list of general requirements.

CONSIDERATIONS:

This Quick Start Guide is only one source of information among the many sources that are available to you. You may wish to consider multiple sources in order to make an informed decision. You are solely responsible for making a decision about how to form and create your business. You are responsible for determining whether the information you obtain through your use of this Guide is suitable for your purposes.

Although we go to great lengths to make sure our information is accurate and useful, we recommend you consult a lawyer if you want legal advice or any other individual or service provider for specific guidance. We offer this for informational purposes only.

PROP 65:

Proposition 65, officially known as the Safe Drinking Water and Toxic Enforcement Act of 1986, requires businesses to provide a clear and reasonable warning before knowingly and intentionally exposing anyone to chemicals that are known to cause cancer or birth defects or other reproductive harm. It is important to know that a product that receives certification from the United States Food and Drug Administration, or another federal agency or state agency, is not necessarily exempt from California requirements for chemical exposure warnings. Businesses should be aware of the levels of harmful



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chemicals in their products and of applicable Proposition 65 requirements. For more information on Proposition 65 and how to comply with its requirements, please visit

<https://oehha.ca.gov/proposition-65>