Business startup checklist

In normal times, the company's proper business can take months. Ideally, you want to create and follow a closure plan that provides maximum protection for your personal assets, credit, and reputation in the community — as well as plans for your spouse, partners, and lenders. However, these are not ordinary times. Due to the unprecedented economic disruption caused by the coronavirus (COVID-19), many companies may have to close permanently in a hurry. Still, it's never wise to simply close and let the pieces fall where they can. If you do this, you could be haunted by unnecessary headaches, lawsuits and debts for years. While your closing time may be short, you still need to try to give your creditors and customers a clear notice that your business is closing. Here's what I want you to do. Many of the items below link to another article for more information about the topic. Collect open receivables (before notifying customers that you are going out of business). This may be difficult due to the economic dislocation caused by the coronavirus pandemic, but efforts are being made to collect as much as possible. Sell the warehouse. If possible, consider a crash sale. Alternatively, you can donate your stock to charity - for example, a restaurant could donate food to a food bank. Such donations are deductible. If your company is a C-company, the company will take the deduction. Otherwise, it is a personal deduction that entrepreneurs take from their personal returns. For more information on applying for a personal deduction, see the new rules on charitable contribution deductions under the Cares Act. Doing this in the right direction limits the amount of time a creditor can request debt. Notify your customers and process any remaining contractual obligations. Be sure to refund deposits or payments for goods that have not been delivered or have not been made. Terminate your commercial lease. Give your landlord the notice indicated in the lease - at least 30 days. Due to the pandemic, some landlords may agree to defer your final rental fee. Report and pay your employees. If possible, give employees a notification. If you need an employee to quit the company, offer the employee a small bonus to stay until the end. Plan to pay employees their last paycheck on the last day the value has accumulated, unused vacation days if your state requires it. Please note that if you have received a paycheck protection program loan related to the coronavirus, you may have to repay everything if you lay off your employees within eight weeks of receiving the loan. See the Paycheck Protection Program SBA Guide. Liquidate your company's assets in order. Pay or pay your debt where possible, prioritized to protect your personal responsibility - money owed your bank, suppliers, utilities and services for your service Due to the coronavirus pandemic, some creditors can accept less than the full amount in exchange for a quick payment. Ask for letters indicating that your invoice will be paid in full when you pay each creditor. Make the last federal and state payroll deposits. As a result of the coronavirus pandemic, employers will be allowed to defer 50 per cent of the employer's share of social security payroll taxes for 2021 and 2022. The deferral applies to deposits and payments that otherwise mature between 27 March 2020 and 31 December 2020. For more information, see the IRS FAQ. Send final sales tax forms and funds that are due until the closing date. Cancel your company's credit cards and subscriptions. If necessary, comply with bulk sales laws. (If you sold your inventory, you may need to notify your creditors of a certain number of days before the company closes and, in some states, publish a notice of your impending closure in a local newspaper.) Close your company's bank account and other accounts. Revoke state or county permits and licenses, including the seller's license, business license, and fictive or presumed business name. Final work-related tax returns: IRS Form 940 IRS Form 941 State withholding tax forms and payroll return forms. Please file your final income tax returns and select the item indicating that this is your final refund. If you sold business assets, file IRS Form 4797, Sale of commercial real estate, or, if you sell most of the company's assets to a single buyer, file IRS Form 8594, Asset Acquisition Statement. For more information about selling your business, see Embarrassing article Selling your business: Eight steps. Leave contact information for former business contacts, colleagues, and employees. Carefully allocate the remaining funds to yourself and other owners. Disband your company or LLC or partnership: Archive the required forms, such as a certificate of dissolution. You may need to get a tax clearance first. (This does not apply to self-employed people.) While the majority of small business owners can finish their business (and hedge their personal assets) without filing for bankruptcy if you have a heavy debt burden and creditors who aren't satisfied with less, bankruptcy may be the best or only option. If you file for bankruptcy, it will be your first step in the closing process; the other steps discussed above follow the steps to shape the bankruptcy process. However, there are cheaper alternatives for small entrepreneurs; read Nolo's article on bankruptcy and alternatives to small entrepreneurs. A business attorney who has gone through business closures can be a huge help in deciding whether to file for bankruptcy and guide you through the closure process. In addition to dealing with recalcitrant landlords and other creditors, a lawyer can warn you of potential debts you haven't considered or actions you might ignore. It may be even more important to seek advice or a tax expert who can advise you on the consequences of selling assets, the different tax forms you need to make, and ways to take advantage of business losses for tax purposes. For help, contact your local business attorney. One of the most important tasks a new entrepreneur needs to deal with is to create a budget for a new company to see the expected income and expenses, as well as cash needs. Because you don't have any previous data, you need to create a budget using your best guesswork about income and expenses (also known as the income statement). This statement focuses on a business with a product catalog, but it also discusses a service business that doesn't have products. Before you start, think about why you need to spend time creating a budget. Even if you don't need bank financing, creating a budget is still a valuable exercise for new and ongoing business. The budget is a key part of the start-up business plan. Some things you need to think about before you start: What do you need to open your business doors on the first day? What are your fixed and variable expenses constantly? What can you help keep costs down (for example, furniture)? What can you get in donations from friends and relatives? What can you do without (pictures, decorations)? You have to keep it to a minimum. The less you need to start up your business, the faster you can start making a profit. Start by setting up what your first day of your business is so you can open the doors (or take your website live) and start receiving customers. The First Day start budget can be divided into four categories (depending on your situation, some categories may not apply to your business.) Categories are: Business premises in your company's location, including all costs of setting up a rental location for a store, office, warehouse, or purchase of a building. These costs can be called for lease improvements or tenant improvements. For example, you may need walls or a bathroom, or a particularly safe area in your office or building. If you work from home, you probably don't have location costs, but you may have the cost of fixing a home room for an office or a small production area in your garage. The costs of the premises also include rental deposits and signage. Fixed assets (sometimes referred to as capital expenditures) for furniture, equipment and vehicles needed to set up a location and start a business. Fixed assets also include computers and machines, furniture, and all the equipment in your office, store, or warehouse that are needed to start a business. Materials and accessories such as office supplies, advertising and promotional materials. You'll need an initial delivery of these to get started. Other costs such as initial payments to accountants to set up accounting system, local licenses and permits, insurance deposits legal costs that register your business with government entities (such as your government) and prepare business Include in the list of these startup costs the products you participate in the business, such as a computer and office furniture. Mark the cost of these items in your list so that you can get credit for them as collateral for a corporate loan. Fixed costs are costs that do not change and do not depend on the number of customers. Collect information about your fixed costs on a monthly basis. Here's a list of the most common monthly fixed expenses: RentUtilitiesPhones (business phones and mobile phonesCredit card processing - monthly fees (transaction fees are variable)Payment of website service chargesPayments of compensationToimistoAddsdueets and orders for professional publicationsInsciation, publicity and promotional commitments, such as social media or ongoing online adsInsuring business insurance Professional contributions (law and accounting)Employee pay/benefits (This category is half fixed because you may be able to reduce your employee costs from time to time.) Other charges Payment for a business loan And then add variable charges. These are expenses that change depending on the number of customers you work monthly. These may include: Postage, shipping, packaging and shipping costsSalesandagesProductive costsRaw materialsProducts wholesale price of goods to be resalesPackage and delivery costs. If you have a service company, you may not need many variable expenses. This is probably the hardest part of the budget because you don't know what the sale is going to be for the new company. You can make three different sales forecasts: The best possible scenario where you show your most optimistic estimate of the first-year salesWorst scenario, where you show your least optimistic scenario, where sales are very low in the first six months of the yearThe likely scenario, somewhere in between. The likely scenario would be the one that shows your lender. In order to be realistic in budgeting, it must be assumed that not all sales are collected. Depending on the type of business you have and how customers pay, you may have a higher or lower collection percentage. Include collection percentage and your estimate of sales for each month. For example, if you estimate month 1 sales to be $50,000 and your picking percentage is 85%, show the cash value for the month at $42,500. Calculate the variable selling costs for each month based on the month's sales. For example, if the estimated sales for the month are 2,500 units and the variable cost is $5.50 per unit, the total variable cost for the month would be $13,750. Add monthly variable costs to monthly fixed costs to get your total monthly costs (expenses). If you are selling products, you may want to calculate the breakup point to be included in your budget. The profitability point shows when you start making a profit on each sale. Cash flow is literally the amount of money that goes into and out of your business every month. management is a key tool for maintaining your new business. And and and power is more important than profits. You can make a profit on paper, but if you don't have money in the bank, your company won't be able to pay its bills. Start your cash flow statement by combining total costs with total cash collections for each month. Keep in mind that sales and collections can be different unless you have a cash or credit business. For a cash flow statement, you must use collections. The total monthly cash flow amount should look like this: Monthly sales $50,000Paid $42,500Total fixed expenses $26,900Total variable costs $13,750Total cash balance $2,150 for $2,150 representing your total cash balance per month, not your profit. By changing your sales figures, the three scenarios above allow you to see the result in your cash balance at the end of each month. This cash balance can provide you with information about your cash needs and how much you may need to borrow to use the capital. Use the budget ledger program to create a budget so that you can access existing accounts and make changes more easily. If you do not have a accounting program, you can use a spreadsheet program. Most lenders require three-year cash flow statements monthly and three years of quarterly and annual income statements (P&Ls). Income taxes are a variable expense and you don't know what taxes you need to pay until you calculate your net income. Do not include taxes in fixed or variable costs, but make them a separate category. Ledger program or spreadsheet program. Learn about the costs associated with selling products. Rate sales as LOW and expenses high. Everything always costs more and takes longer than you think, and it takes longer to get sales over you than you think. Yes, it will.

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