
HOW TO OPERATE A BUSINESS LEGALLY IN GEORGIA

Every new business owner should be aware that a business license is necessary to operate legally in Georgia. The location for obtaining a business license will depend upon where the business is located. If the physical address of the business is within the corporate limits of a city, then the license can be obtained from the city; if the business is located outside the corporate limits of a city, then the license should be obtained from the county. However, license acquisition is just the starting point. Business owners should be aware of multiple state and federal requirements that are necessary to operate a business. These can include withholding tax, workers compensation, sales and use tax, labor law compliance, and occupancy permits to name a few.

Finding out this information can be difficult since there are agencies at the federal, state, and local levels that may need to be consulted. The information in this packet is not all-inclusive and should not be considered a substitute for legal assistance from a qualified attorney. Also, since these requirements are subject to change, business owners should contact individual departments for the most current information.

To this end, the Secretary of State's office offers the First Stop Business Information Center to assist business owners. The center is designed to offer one-stop shopping on the licensing and permitting of businesses in Georgia. Their contact information can be found on page 6 of this packet.

Businesses that want to provide childcare services need to contact the Department of Human Resources (DHR). Organizations caring for fewer than six children need to register with DHR. If providing care for six and more children, the organization must be licensed. **For more information, contact:**

Bright from the Start - Georgia Department of Early Learning
Two Martin Luther King Jr. Drive, S.E.
East Tower, Suite 754
Atlanta, Georgia 30334
(404) 656-5957
(888) 442-7735
<http://dec.al.ga.gov>

Businesses involved in food processing or grocery sales need a food-sales-establishment license from the Georgia Department of Agriculture before starting. An inspection is also required and may be requested by phone. An application for a business will be accepted if the inspection shows that the establishment meets the department's requirements. Help can be obtained from the Department of Agriculture in preparing for the inspection. It is advised that business owners contact the department before investing in any renovation, equipment or plans. **For information, contact:**

Georgia Department of Agriculture
Food Safety Division
19 Martin Luther King Drive, S.W.
Agriculture Building, Room 306
Atlanta, Georgia 30334
(404) 656-3627
<http://agr.georgia.gov>

Firms engaged in cooking or food preparation, including restaurants, hotels and nursing homes, are licensed by the county environmental health departments.

Categories of business that concern the public interest are subject to special permits, licensing and inspection. This includes, but is not limited to, schools, nurseries, motor transport, public entertainment, employment agencies, securities dealers and financial institutions. **For more information on these types of businesses, contact:**

State of Georgia Information Line
(404) 656-2000
www.georgia.gov

Businesses which sell alcoholic beverages must have a state alcoholic beverage license and a local license which is obtained from either the city or county in which the business is located. The application forms for the licenses must be completed before the business is opened. Local authorities and the Department of Revenue can be of assistance in preparing the application. **For information and application forms from the state contact:**

Department of Revenue
Alcohol & Tobacco Unit
1800 Century Blvd., N.E., Suite 4235
Atlanta, Georgia 30345-3205
(404) 417-4900
www.etax.dor.ga.gov

Taxes cannot be ignored, of course. Business owners are required by law to withhold the following from the wages paid to employees: federal income taxes, state income taxes and FICA (Social Security) Insurance.

Proper tax documentation is a critical part of operating a business. Income taxes will also be levied by the federal and state governments on earnings of any business. Therefore, each business must file an income tax return with both federal and state revenue agencies. Businesses may be required to file estimated tax returns and pay estimated taxes on a quarterly basis.

For federal tax information, contact:

U.S. Internal Revenue Service
401 W. Peachtree St., N.W.
Atlanta, Georgia 30308
(404) 998-7962
(800) 829-1040
www.irs.gov

State tax information can be obtained from:

Georgia Department of Revenue
Taxpayer Services Division
1800 Century Blvd., N.E.
Atlanta, Georgia 30345-3205
(404) 417-2400
www.etax.dor.ga.gov

The IRS has a number of publications that are available upon request to small businesses. One of the most helpful is "Your Business Tax Kit," which includes data and forms for Federal Employer Identification Number and a tax guide for small businesses that can be ordered by calling Forms and Publications at 1-800-829-3676 or through a visit to the IRS office.

In Georgia there is a 4-percent sales and use tax which applies to the retail purchase, retail sale, rental, storage, use or consumption of tangible personal property and certain services. In other words, sales tax must be collected on just about every tangible personal property and certain services. Sales tax must also be collected on just about every tangible item sold, except for the exempt categories of prescription drugs, eyeglasses and contact lenses.

A sales tax number is required for each business before opening. **The number plus instructions for collection, reporting and remitting the money to the state on a monthly basis can be obtained from:**

Georgia Department of Revenue
Sales and Use Tax Division
1800 Century Blvd., N.E., Suite 8214
Atlanta, Georgia 30345
(404) 417-6601
1-877-423-6711
www.etax.dor.ga.gov

In addition, some counties have exercised local option issues to increase their sales and use tax to pay for certain projects.

Businesses are required by the state to pay unemployment insurance tax if the company has one or more employees for 20 weeks in a calendar year or it has paid gross wages of \$1,500 or more in a calendar quarter. The taxes are payable at a rate of 2.7 percent on the first \$8,500 in annual wages of an employee. Unemployment insurance must be reported and returns made to the state. **For information contact:**

Georgia Department of Labor
Adjudication Section, Sussex Place
148 International Blvd., N.E., Suite 850
Atlanta, Georgia 30303-1751
(404) 232-3301
www.dol.state.ga.us

If a business employs three or more, workers' compensation insurance must be carried to provide protection to those injured in on-the-job accidents. The State Board of Workers' Compensation aids people who need claim assistance. **For information contact:**

State Board of Workers' Compensation
270 Peachtree St., N.W.
Atlanta, Georgia 30303-1299
(404) 656-3818
<http://sbwc.georgia.gov>

Virtually all business entities are subject to the federal minimum wage, overtime and child labor laws. **Information on these laws and other federal laws pertaining to labor may be obtained from:**

U.S. Department of Labor
Wage and Hour Division
Atlanta Federal Center
Room 7m10
61 Forsyth St., S.W.
Atlanta, Georgia 30303
(404) 893-4525
www.dol.gov

Incorporating a business allows a firm to take advantage of the limited liability of a corporation. A corporation is usually a taxpayer separate from its owners, unless the company decides it wants to be an "S" corporation for special tax consideration. Contact an attorney or accountant for information on just what each designation can mean to the firm.

Legal assistance will be needed to incorporate. Incorporation involves checking with the Secretary of State to see if the name chosen for the business is available. Typed Articles of Incorporation must then be submitted, along with a fee. Additionally, a notice of incorporation must be published in the official legal newspaper for the county in which the business will be located. There is also a fee for this printing. Each business must submit a consent

from a person who will act as registered agent for service of process on the corporation. This consent must be filed along with the Articles of Incorporation. The articles must name at least three directors, unless the corporation will have two or fewer shareholders. **For more information, contact:**

Secretary of State, Corporations Division
315 West Tower, Floyd Building
Two Martin Luther King Jr. Drive, S.E.
Atlanta, Georgia 30334
(404) 656-2817
<http://sos.georgia.gov/corporations/>

Trademarks and service marks may be registered under federal laws or state laws. In Georgia, an application form should be filed, along with a \$15 fee and copies of the trademark or service mark. Registration is then good for 10 years. **For further information contact the Office of the Secretary of State at:**

Trademarks Section, Secretary of State
Corporations Division
306 West Tower, Floyd Building
Two Martin Luther King Jr. Drive, S.E.
Atlanta, Georgia 30334
(404) 656-2861
<http://sos.georgia.gov/corporations/trademarks.htm>

For federal information contact:

General Information Services Division
U.S. Patent and Trademark Office
Crystal Palace 3, Room 2C02
Washington, DC 20231
(800) 786-9199
www.uspto.gov