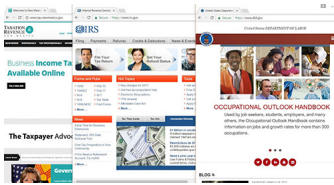


Smart startup: Know the rules

Written by By Finance New Mexico
Friday, 31 March 2017 07:07



Starting a business in New Mexico involves securing a tax reporting number and federal income tax ID. Beyond those basics, some business owners need special permits to serve food or alcohol or to operate in industries that are subject to heightened regulation.

The business owner is responsible for knowing what permissions are required.

WHERE TO START

Most New Mexico businesses pay gross receipts, compensating and withholding taxes, which means they need to obtain a Combined Reporting System (CRS) number from the Taxation and Revenue Department. Businesses use this number to report and pay the state, county and local taxes they collect on behalf of multiple taxing authorities.

To pay income taxes, a sole proprietor can use a personal Social Security number, but a business organized as a corporation or a business that employs others needs a Federal Employer Identification Number, or FEIN, from the Internal Revenue Service.

A business with employees has to register with the state: www.dws.state.nm.us

Department of Labor and determine whether it must withhold state income taxes from employee paychecks, pay state unemployment taxes and provide workers' compensation coverage.

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Some corporations are exempt from gross receipts taxes because they don't sell or lease goods or property. These don't need a CRS number, but they might need to file a corporate income and franchise tax return, which requires registering with the Corporations Bureau at the New Mexico secretary of state's office.

The state Regulation and Licensing Department subjects some businesses — such as child care, gaming, construction, financial services and mining — to extra scrutiny because of the potential social or environmental risks and sensitivities associated with their operations. Oil and gas businesses, for example, need an Oil and Gas Reporting Identification Number from the Oil and Gas Bureau. The state expects the business owner to contact the department for these permits.

LOCAL PERMITS

Businesses also need to register with the city or county where they are based.

Some New Mexico municipalities have a special category for home-based businesses depending on the impact they have on a neighborhood (e.g., no impact, low impact, conditional use), and each category imposes different requirements for the number of employees allowed, hours of operation and noise limits.

All businesses have to know and obey community laws about signage, including how big a sign can be and where it can be placed. New Mexico's many historic districts often restrict the designs and colors allowed on signs. Business owners should contact the building or planning department in their communities to learn more about these rules and permit requirements.

Some municipalities require a permit from the police or fire department for burglar or fire alarms. And any significant modification to the business's building or grounds usually requires a construction permit from the building or planning department.

For more information about the rules and regulations that apply to businesses in New Mexico, visit: financenewmexico.org/steps-to-starting-a-business

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To learn more about municipal codes that apply to businesses, visit: growitnm.org/municipal-index, and click on the municipality where the business will be located.

Finance New Mexico connects individuals and businesses with skills and funding resources for their business or idea. To learn more, go to: www.FinanceNewMexico.org.

By Finance New Mexico