

# The S3 New Business Compliance Checklist

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## A Foundation–First Guide to Starting Your Business with Confidence

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Created by SafeSimpleSound Financial Planning *Financial Excellence • Educational Generosity*

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### Your S3 New Business Compliance Checklist

*Safe • Simple • Sound > Foundation-First Financial Wisdom*

#### What You'll Discover:

- A **safe** foundation built on understanding your core federal tax responsibilities from day one.
  - A **simple** question-and-answer format that turns complex IRS requirements into clear, actionable steps.
  - **Sound** principles for establishing your business correctly to avoid future penalties and stress.
  - The confidence that comes from knowing you've addressed the most critical compliance points before you make your first sale.
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# Your New Business Compliance Assessment

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## Your Foundation Check

**Instructions:** For each question below, review the S3 insight and check the box once you have a clear plan or have completed the action. This checklist is your first step toward building a contradiction-free business.

### Part 1: Business & Financial Structure

☐ Have I chosen my form of business?

**Guidance:** The most common business forms are the sole proprietorship, partnership, and corporation. This foundational choice determines which income tax return you must file. A sole proprietorship is the simplest to start, but its liabilities are your personal liabilities.

☐ Do I need an Employer Identification Number (EIN)?

**Guidance:** An EIN is a Taxpayer Identification Number (TIN) used to process your returns. Partnerships and corporations must have one. You can apply online to receive an EIN immediately.

☐ Have I established my business's tax year?

**Guidance:** You must figure your taxable income based on an annual accounting period called a tax year. This is typically a 12-month period that can be a calendar year (ending December 31) or a fiscal year (ending on the last day of any other month). If you keep no books, you are required to use a calendar year.

☐ Have I chosen my accounting method?

**Guidance:** The two basic accounting methods are the Cash method and the Accrual method. Under the Cash method, you generally report income when you receive it and deduct expenses when you pay them. Under the Accrual method, you generally report income when you earn it and deduct expenses when you incur them.

☐ Have I established a recordkeeping system?

**Guidance:** Every business must keep records. Good records are essential to monitor your business's progress, prepare financial statements, and support the income and expenses you report on your tax returns.

## Part 2: Tax & Compliance Awareness

☐ Do I know which federal taxes I will have to pay?

**Guidance:** The four general kinds of business taxes are income tax, self-employment tax, employment taxes, and excise taxes. The form of business you operate determines which taxes you must pay.

☐ Do I understand my responsibilities if I hire employees?

**Guidance:** If you have employees, you are responsible for employment taxes, which include Social Security and Medicare taxes, federal income tax withholding, and Federal Unemployment (FUTA) tax. Misclassifying an employee as an independent contractor can make you liable for employment taxes and penalties.

☐ Am I aware of which tax forms I am required to file?

**Guidance:** The form you use depends on how your business is organized. For example, sole proprietors file Schedule C (Form 1040), partnerships file Form 1065, and C corporations file Form 1120.

☐ Do I know which business expenses I can deduct?

**Guidance:** To be deductible, a business expense must be both ordinary and necessary. An ordinary expense is one that is common and accepted in your field of business, while a necessary expense is one that is helpful and appropriate.

☐ Am I aware of the penalties for non-compliance?

**Guidance:** The law provides penalties for failing to file returns or pay taxes as required. This can include penalties for filing late, paying late, or failing to deposit taxes that you've withheld from employees.

## Your Compliance Score

Scoring Guide:

**8-10 checks: Strong Foundation.** You are on a sound path to building a compliant and confident business. Your focus on these core details from the beginning will serve you well.

**4-7 checks: Good Progress.** You have a handle on some of the key areas but may have gaps in your foundational structure. Use the unchecked items as your priority action list.

0-3 checks: **Foundation Focus.** This is the perfect time to build your systems correctly. Addressing these items now will prevent significant stress and potential costs later.

## Next Steps

Based on your assessment, you now have a clear picture of your foundational strengths and areas for focus. Addressing these items isn't just about compliance; it's about building a business that is safe, simple to manage, and has a sound structure for growth.

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## Insights Summary

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*Key S3 Differentiator: This checklist transforms the overwhelming task of IRS compliance into a manageable, confidence-building process, turning regulatory requirements into a foundation for business strength.*

*Educational Generosity Promise: By understanding these core requirements from the start, you are empowered to make better strategic decisions for your business, regardless of whether you ever work with a financial professional.*

*Stakeholder Synthesis: A compliant business serves all stakeholders: you (the owner) by reducing risk, your employees by ensuring proper withholding, your community by operating ethically, and your clients by building a stable, trustworthy enterprise.*

## Your Next Steps

**Immediate Action** (Next 7 days): Choose one unchecked item from the "Business & Financial Structure" section and resolve it. Opening a separate business bank account is often the most powerful first step.

**Foundation Building** (Next 30 days): Create a simple folder system (physical or digital) to begin organizing your business records. Good recordkeeping is the bedrock of a sound business.

**Professional Support:** If you feel stuck on foundational decisions like business structure or accounting methods, this is an ideal time to seek professional guidance. A sound decision here pays dividends for years.

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## About SafeSimpleSound Financial Planning

**Our Promise:** We provide a constitutional approach to financial planning that helps business owners resolve contradictions and build integrated, confident financial lives.

**Educational Generosity Commitment:** We believe that empowering business owners with foundational knowledge is the best way to support our community's economic health.

**Contact Us:** [www.safesimplesound.com/contact](http://www.safesimplesound.com/contact)

**Our Philosophy:** [www.safesimplesound.com/philosophy](http://www.safesimplesound.com/philosophy)

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