

Steps to Starting a Business in Colorado

1. **Create a “Business Sketch”:** A “Business Sketch” is a rough outline of your business. It should describe the product or service and how it will add value to customers. The sketch should also outline your targeted customers and how you will market/sell to them. Finally, it should include a calculation of your gross profits ([see article here](#)) and how many customers you will need to obtain to break even. Thinking through these parts of your business should give you a more clear picture of the profitability potential. Further, if you need outside financing, you can later expand this draft into a full fledged business plan.
2. **Choose a Business Location:** There are several factors to consider when choosing a location – proximity to customers, lease/rental costs, zoning laws, and local taxes.
3. **Determine the Legal Structure:** Choose the type of business entity ([see information sheet here](#)) that is best for your particular legal and tax situation.
4. **Register a Business Name:** Visit the Colorado Secretary of State website ([click here](#)). There will be a filing fee that varies based on the type of entity you select.
5. **File with the IRS for a Tax Identification Number:** The application can be done quickly and is an important step in establishing a business. [Click here](#) to apply online.
6. **File for State and Local Taxes and Permits**
 - a. **Colorado:** Visit the [Colorado Department of Revenue](#) website to register and file sales taxes online. The state and local tax rates are [listed here](#).
 - b. **Denver:** Visit the [Denver Treasury website](#) to file for the required business taxes. As of January 2012, the current fee for a retail tax license is \$50.
7. **Obtain Business Licenses and Permits:** Visit the City of Denver (or your local municipality) website to check if there are any required licenses for your particular business ([see list here](#)).
8. **Separate Your Personal and Business Accounting Systems:** The final step in starting a business is to visit your preferred bank and open a checking account. Open the account with enough capital to adequately fund your business (we recommend any startup expenses plus three to six months of working capital). Once you have opened the account and funded the business, reimburse your personal account with a check from the business account.

For more information or assistance with these steps, contact Two Hills at 303-517-6342.