

# Starting A Small Business



**State of Alaska  
Department of Commerce, Community  
and Economic Development  
Division of Community Advocacy**

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This publication is intended to serve as a general guide to starting a small business in Alaska. It does not take the place of appropriate legal or accounting advice, or of gaining a thorough understanding of the industry and region in which you plan to operate a business.

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# Do I Have the Right Stuff?

Entrepreneurship is not for everyone. Many people start their own business. Some find that they do not enjoy the experience. Others would never go back to working for someone else.

So, what is “the right stuff?” At the top of the list is  
**a sound business concept.**

If your business concept is sound, do you have the personal qualities to make the business a success? These qualities include:

- ✓ Willingness to work hard.
- ✓ Self-discipline.
- ✓ Motivation.
- ✓ Ability to get along with all kinds of people.



On the other hand, starting a business does not require:

- ✓ A brilliant idea.
- ✓ Lots of money.
- ✓ A college education.

Starting and operating your own business means being the boss, and being the boss means:

- ✓ Making business decisions.
- ✓ Working as the receptionist, the errand-runner, the janitor, the repairman, and everything else it takes to open for business every day – until you are able to hire staff.
- ✓ Selling your product or service to your customers.
- ✓ Keeping the books. Even if you can afford to hire a bookkeeper, you must know enough about bookkeeping to be sure that the necessary tasks are being done.
- ✓ Collecting payments from customers.
- ✓ Hiring, firing, and supervising employees.
- ✓ Understanding the legal and regulatory aspects of your business.

Are you ready to get started? If so, then —

- ✓ Talk to your family.  
Starting a small business can take over your life. In the early stages, you may be doing everything yourself, running the business from your home and relying on family members as unpaid staff. Your success will require the support of your family, and their willingness to make sacrifices along with you in order to see the business succeed.

- ✓ Choose a suitable business.  
Start with something you know - What are your skills? What kind of business experience do you have? Next, consider the opportunities in your community – What needs are not being met by existing businesses? Finally, is there a product or service you can deliver that no one else can?
- ✓ Assess your idea.  
Define your business concept in terms of the need that you will fill for your customers. Then evaluate your idea by analyzing the market for your product or service, and preparing a business plan. Give it a reality check - before investing your life's savings! For tips and outlines see "Is My Idea Any Good?" on page 3.
- ✓ Develop a checklist.  
Requirements for all businesses include obtaining a business license, and getting an IRS employer ID number and paying payroll taxes if you have employees. See "Is My Paperwork Done?" starting on page 19 to prepare a list of things to do.
- ✓ Find the money you need.  
Few businesses are started with only the business owner's available cash. The business plan will show the cash requirements for starting the business. The final step is to line up the additional financing needed. "Do I Have Enough Money?" on page 14 will help you prepare for applying for a business loan.

\* \* \* \* \* **Notes** \* \* \* \* \*





## Is My Idea Any Good?

Having “the right stuff” isn’t enough. Success also requires a sound business concept. How do you test your business concept?

- ✓ Develop a mission statement that communicates your concept to others.
- ✓ Crunch a few numbers for a break-even analysis.
- ✓ Conduct a market analysis so you know what you can expect for sales.
- ✓ Write a business plan to explain how you will achieve success.

For help in testing your business concept, be sure to see the section “Where can I get help?” on page 10. You may also find other business owners willing to serve as advisors, and friends and family members ready to offer suggestions.

## What is a mission statement and why do I need one?

A mission statement briefly describes what you do, how you do it, and why you do it. A mission statement:

- ✓ Helps you stay focused on pursuing your goals.
- ✓ Explains your values to your employees.
- ✓ Tells your customers the way in which you will serve their needs.

Although some mission statements are as long as several paragraphs, a brief mission statement might look like —

“Our mission is to provide our customers with a safer working environment by improving the skills of personnel involved in the operation of powered material-handling equipment.”

Profitability - making money - should always be one part of the business’ mission. Your mission statement explains your “unique selling proposition.” It describes what success means to you.

Draft a mission statement as a guide in developing your business plan. After you’ve completed a market analysis and business plan, go back to the mission statement and make sure it still clearly defines your business.

## What is a break-even analysis and how do I do one?

A break-even analysis is a rough estimate to determine what level of sales will be needed for your business to be feasible. The break-even point is the amount of sales that will cover all your costs of doing business, before there is any profit. Once you have enough information to estimate your costs, and the selling price of your product, use the following worksheet to determine the amount of sales needed to break even. There’s also an example in the appendix.

First, add up your fixed costs for a month. Fixed costs are operating expenses, often of a fixed amount, that you have to pay regardless of how much business you do.

Add up your fixed costs:	Monthly
Rent	\$ _____
Utilities	\$ _____
Insurance	\$ _____
Advertising	\$ _____
Loan payment	\$ _____
_____	\$ _____
_____	\$ _____
Total fixed costs	\$ _____

Next, add up your variable costs for a unit of product. Variable costs are expenses that make up the cost of the items you sell, or costs that increase and decrease with the amount of sales. Your variable cost might be the wholesale price of an item that you purchase to sell, or it might be the costs of supplies and labor for an item that you make.

Add up your variable costs for a unit of product:	Per unit
Materials	\$ _____
_____	\$ _____
Labor	\$ _____
_____	\$ _____
_____	\$ _____
Total variable cost per unit	\$ _____

Labor may be a fixed cost, such as a salary for the business owner. Labor costs may also be variable costs, such as when the business is providing a service and the variable cost is the time spent providing the service. Fixed cost may also include an amount to cover the cost of equipment.

Next, calculate “contribution” by subtracting the total variable cost per unit from the selling price per unit. Contribution is the amount left over from the sale of an item, after subtracting the cost of the item, that can be used to cover the fixed costs.

Selling price per unit	\$	
- Variable cost per unit	\$	
= Contribution per unit	\$	

Next, convert the contribution to a percentage called the “contribution margin” by taking the contribution per unit and dividing it by the selling price.

Contribution per unit	\$	
/ Selling price per unit	\$	
= Contribution margin	\$	

Now, calculate the amount of sales needed per month to break even by taking the total of the fixed costs for a month and dividing by the contribution margin.

Total fixed costs	\$	
/ Contribution margin	\$	
= Sales required to break even		

To calculate how many units of your product you need to sell per month to break even, take the sales required to break even and divide by the selling price per unit.

Sales required to break even	\$	
/ Selling price per unit	\$	
= Unit sales required to break even		

Then ask yourself if you reasonably believe you will sell that many of your products, or have that much in sales, every month. If so, continue to develop your business idea and see if it looks promising. If not, you may want to take a closer look at your expected costs, selling price, and sales volume to see if you can find a better result.



## What is marketing and why do I need it?

Marketing is not just advertising. It is all the things you do to attract and satisfy customers. Marketing starts with knowing your customer:

- ✓ How old is your customer?
- ✓ Where does your customer live?
- ✓ How much is your customer willing to pay for your product or service?
- ✓ What feature of your product or service is most important to your customer?
- ✓ How often does your customer need your product?

Knowing your customer will provide valuable information about:

- ✓ Where to locate your business.
- ✓ What hours you should be open.
- ✓ What range of prices you should offer.
- ✓ And many other things that will affect your finances and operations.

Marketing is also knowing your competition and how your business can fill a need that they can't. Your competition is not just other businesses like yours. Your competition is all the other ways that your customers satisfy the need that you address. For example, if you plan to open a video rental store, your competition is not just other video rental stores. Your competition includes all the other sources of entertainment nearby – bowling alleys, video game arcades, movie theatres, basketball games – as well as sources outside your community. Sometimes the competition is your customer's desire to keep his money! Marketing is about making your video rental store the first thing your customers think of when they want entertainment.

Marketing is also:

- ✓ Your business name.
- ✓ How you (and your employees) treat customers.
- ✓ Your location, and how it looks.

**Market Research** Good information can help you make good decisions. Knowing everything there is to know about your customers — such as knowing that one-third of the customers of your grocery store have children under the age of five — can give you an advantage in meeting their needs. Knowing everything there is to know about your competition — such as knowing that the other grocery store in town only stocks three flavors of baby food — can give you an advantage in competing effectively.

Research can be categorized as either primary research or secondary research. Primary research is information that you gather yourself — taking a survey of your customers, visiting your competition to see what they're doing. Secondary research is looking for information gathered by others — census information, newspaper articles that relate to your business. Sources of secondary research include state and federal agencies, libraries, and your local

chamber of commerce, convention and visitors bureau, or economic development organization.

**Marketing Plan** The marketing plan pulls together all the elements of your marketing. In short, it should cover what is known as the marketing mix, or the **4 P's** of Marketing:

**Product/service** Precisely what you have to offer to your customer — not just the item you are selling but the need you will fill or problem you will solve.

**Place** Where the business will be located to best serve the customers' needs and how much traffic passes that location, or what method of distribution you will use to deliver your product or service.

**Promotion** All the things you will do to communicate with your customers, including how you will use various media such as fliers, direct mail, internet, and radio.

**Price** How much you will charge, how that compares to the competition, what methods you will use to set prices, and what role price plays in your customer's buying decision.

A more detailed marketing plan may be written as a part of your business plan. A comprehensive marketing plan might follow this outline:



## **Sample Marketing Plan Outline**

1. Objectives  
Where do you want to go? What business goals, objectives, targets, or benchmarks will you accomplish?
2. Situation Analysis  
Where are you now? Describe your customers and competitors, and the market environment in which you will operate – the legal, political, environmental, cultural, demographic, and technological factors that could affect your business.
3. Strategies  
How will you get there? Explain why customers will buy from you and not from your competition, and how you will communicate to your customers your ability to meet their needs.
4. Implementation Plan  
Prepare a schedule of all the marketing activities for the coming year, or longer, including such marketing approaches as seasonal promotions, networking activities, and events to be sponsored. The action plan

should also explain how you will evaluate the success of your various marketing efforts.

5. Budget

Prepare a budget of the cost of carrying out the action plan, as well as the cost of ongoing marketing activities and supplies such as business cards and advertising specialties. Be sure to include a way to evaluate the cost-effectiveness of your marketing efforts.

Remember – marketing is an investment to increase sales!

## **What is a business plan and why do I need one?**

A business plan describes how you will put your mission into action.

A business plan is not just to:

- ✓ Apply for a bank loan.

But also to:

- ✓ Find the weak spots in your idea (before you invest all your money!)
- ✓ Identify staffing needs.
- ✓ Provide a tool to help you stay focused.
- ✓ Make sure you've identified all your "partners" such as suppliers and distributors.
- ✓ Create a plan to help ensure that your day-to-day actions will lead to success.

And finally, to:

- ✓ Determine how much money you need to get started.

A business plan explains how your proposed business will be successful, and identifies all the resources needed for success.

While there are many sample business plans available, they all include the same basic components:



## **Sample Business Plan Outline**

### **Executive Summary**

One page that includes your mission statement, a summary of the major points of the business plan, and a financing request, if applicable.

### **Description of the business**

- ✓ What goods or services will you offer?
- ✓ How will you produce or obtain those goods?
- ✓ Or, How will your services be delivered?
- ✓ How will you set prices for your goods or services?
- ✓ Where will the business be located?
- ✓ What is the status of any required licenses, permits, patents, or trademarks?

### **Marketing plan**

Include the marketing plan developed in the previous section.

### **Management**

- ✓ Will you be the sole owner or form a corporation, partnership, or LLC?
- ✓ What qualifications do you have for running the business?
- ✓ Which responsibilities will you hire staff to do?
- ✓ How will you recruit and train employees, and what wages and benefits will you offer?

### **Financial**

- ✓ Start-up and operating budgets.
- ✓ Profit and loss projections, monthly for the first year and quarterly for the second and third years.
- ✓ Cash flow projections, monthly for the first year and quarterly for the second and third years.
- ✓ Balance sheet at start-up, and projected for the end of the first, second, and third years.
- ✓ Explanation of start up costs, and loan request, if any.

The business plan will vary in size based on the complexity of your business, and may have a number of attachments. The following attachments are generally required when the business plan is part of a loan application:

- ✓ Resumes for owners and key staff.
- ✓ Tax returns and personal financial statements for all owners.
- ✓ Letters of intent from prospective suppliers or customers.
- ✓ Copies of leases, deeds, contracts, or other legal documents.
- ✓ Anything else to support your plan.

## Where can I get help?



Free, confidential counseling is available from the Alaska Small Business Development Center (SBDC). The SBDC also provides workshops, a resource library, and other services for small businesses. The SBDC has offices in Anchorage, Wasilla, Fairbanks, Soldotna, and Juneau, and a rural outreach program. Other SBDC programs include BuyAlaska, Procurement Technical Assistance Center, and Technology Research and Development Center. Call (907) 274-7232 in Anchorage or 1-800-478-7232, write to them at 430 West 7<sup>th</sup> Avenue, Suite 110, Anchorage, AK 99501, or visit their website at <http://www.aksbdc.org>.

The U.S. Small Business Administration (SBA) provides counseling through its SCORE (Service Corps of Retired Executives) program. Call (907) 271-4022 in Anchorage, or 1-800-755-7034, or visit their website at <http://www.akscore.org>.

The Alaska Business Development Center, located in Anchorage, provides business counseling, and specializes in the commercial fishing industry. Call (907) 562-0335 or 1-800-478-3474, or write to them at 3335 Arctic Boulevard, Suite 203, Anchorage, AK 99503.

The Alaska Minority Business Development Center, located in Fairbanks, provides services to minority clients. Call (907) 452-8251 or 1-800-478-6822, or write to them care of Tanana Chiefs Conference, 122 1<sup>st</sup> Avenue, Suite 600, Fairbanks, AK 99701.

The ARDOR (Alaska Regional Development Organization) program supports 11 local economic development organizations around the state. For the ARDOR nearest you, see Appendix A, call Midge Clouse, Department of Commerce, Community and Economic Development, at (907) 269-4587, or visit the website at <http://www.commerce.state.ak.us/dca/ardor/ardor.htm>. Your local ARDOR director can direct you to additional resources in your area.

# What Form of Business Should I Use?

The most common forms of business ownership are:

- ✓ Sole Proprietorship
- ✓ General Partnership
- ✓ Corporation
- ✓ Limited Liability Company (LLC)



Each business owner must consider his own needs and circumstances in choosing a form of business. The following descriptions point out some of the issues to take into account. These descriptions, however, do not take the place of legal advice. Attorneys and tax accountants can provide additional information.

## **Sole Proprietorship**

A sole proprietorship is a business owned by one person. The business is not legally separate from the business owner.

### **Formation**

To form a sole proprietorship, all the business owner needs to do is obtain a business license and satisfy any necessary licensing requirements. There are no special fees or forms required for the formation of a sole proprietorship. A federal Employer Identification Number (EIN) is only required if the business has employees.

### **Tax Liability**

The owner reports the business revenues and expenses on his own tax return, on Schedule C of the Form 1040. The business profits are taxable income to the owner in the year in which they are earned, and are taxed at the owner's tax rate. The sole proprietor may set up a tax-sheltered retirement program, such as a Keogh plan. The business' health insurance premiums may not be fully deductible. Sole proprietors pay self-employment tax in place of social security and Medicare.

### **Risk Management**

The business owner is personally responsible for all of the business' debts, court judgments, and other liabilities. Insurance policies are available to provide some protection for the business owner.

## **General Partnership**

A general partnership is a business owned by two or more people who have not filed the paperwork to form a corporation or a limited liability company.

### **Formation**

A written partnership agreement is not required, but can help avoid settling future disputes in the courts. The agreement spells out the rights and responsibilities of

each partner, and addresses such issues as adding partners in the future. Each partner must act in good faith and loyalty to the other partners. A partnership is automatically dissolved when one partner dies unless the partners have agreed otherwise in writing. A partnership must obtain a federal EIN.

### **Tax Liability**

The partnership does not pay income taxes, but files an information return with the Internal Revenue Service. Each partner's share of revenues and expenses is reported on his personal tax return. A partnership is treated the same as a sole proprietorship with respect to retirement and health plans, and self-employment tax.

### **Risk Management**

Each partner is personally responsible for all partnership debts and liabilities. Each partner can take actions that are legally binding on the other partners. Insurance policies are available to provide some protection for the partners.

## **Corporation**

A corporation is an independent legal entity, separate from the owners, created upon filing Articles of Incorporation. It has legal status or existence that is separate both from the individual(s) who forms it and its owners.

### **Formation**

Articles of Incorporation are written and filed with the State of Alaska. The State then issues a Certificate of Incorporation. A single owner can form a corporation. Investors can become owners of the business, and shares can be sold to raise capital. (Please consult the Alaska Division of Corporations, Business and Professional Licensing and the U. S. Securities and Exchange Commission for appropriate guidelines). The corporation can designate different classes of stock that carry different rights, such as non-voting stock. The corporation continues to exist after the death of a shareholder. A corporation must obtain a federal EIN.

### **Tax Liability**

For federal tax purposes, corporations may choose to be designated as S corporations or C corporations. C corporations file separate tax returns and pay their own taxes. Owners and employees of C corporations individually pay taxes on the salaries, bonuses, and dividends they receive from the C corporation. S corporations file information returns with the Internal Revenue Service, and individual shareholders pay taxes on their share of profits much like partners in a partnership. Corporations also pay state income taxes.

### **Risk Management**

Generally, a shareholder or officer is not personally responsible for the debts and court judgments of the corporation. When a corporation borrows money, however, the bank may ask for personal guarantees from the corporate officers. Shareholders are not personally responsible for each other's actions on behalf of the corporation. Individuals are responsible for their own negligent acts.

## **Limited Liability Company**

A limited liability company (LLC) is a business entity that attempts to limit the personal liability of owners. A LLC has some characteristics of partnerships and some characteristics of corporations.

### **Formation**

Articles of Organization are filed with the State of Alaska. The owners of a LLC are called members. LLCs are managed by members or by managers who may or may not be members. A single owner can form a LLC.

### **Tax Liability**

A LLC with two or more members is classified as a partnership for federal income tax purposes unless it elects to be taxed as a corporation, or was formed before 1997 and was taxed as a corporation. A LLC with one member is not treated as a separate entity for income tax purposes unless it elects to be taxed as a corporation.

### **Risk Management**

Generally, a member of a LLC is only personally liable to the extent of the capital invested; their personal assets are protected.

For more information on forms of business and tax considerations, request Publication 583 "Starting a Business and Keeping Records" from the Internal Revenue Service on the internet at <http://www.irs.gov> or call 1-800-829-3676, or visit their office in Anchorage at 949 East 36<sup>th</sup> Avenue.

For more information on forming partnerships, corporations, or LLCs, contact the Corporations Section of the Department of Commerce, Community and Economic Development — Division of Corporations, Business and Professional Licensing at  
P.O. Box 110808  
Juneau, AK 99811-0808  
Phone (907) 465-2530  
Fax (907) 465-3257

Or visit their website at <http://www.commerce.state.ak.us/occ/>

<p><b>If you are in need of assistance deciding what type of entity to form, please consult an attorney and a tax accountant.</b></p>
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# Do I Have Enough Money?

Your completed business plan will show how much money you need to get started. It also shows lenders and investors that you have the business skills needed for success, and that the business can repay the loan requested. Initial financing should be enough to cover the costs of setting up your business location, equipment and furnishings, and inventory. Also be sure to have enough money to cover the costs of operations until the business' cash flow meets your requirements – both for the business and for yourself.



Once you know how much money you need to get started, where do you find it? Common sources of business financing are:

- ✓ personal savings
- ✓ family and friends
- ✓ bringing in a partner
- ✓ banks and credit unions

But don't overlook:

- ✓ credit from vendors and suppliers
- ✓ equipment leasing
- ✓ venture capital

In general, grants are not available to individuals for starting a business.

Take stock of your personal assets — savings, investments, availability of credit, equity in your home — to see what can be used to start your business. While you may not have enough money in your pocket to cover all your start-up needs, be prepared to use your own money. Other sources of financing are going to expect you to put your own money or property at risk, along with theirs.

Financing comes in two basic forms — debt and equity. Debt financing is money that will be paid back on specified terms. A bank loan represents debt financing. Equity financing is giving up a portion of the ownership of the business in exchange for financing. Venture capitalists — individuals or companies that invest money in private businesses - provide equity financing.

## How do I apply for a loan?

Every lending institution will have paperwork requirements, which generally include a copy of your business plan. In general, the lending institution will evaluate your request on the basis of the **5 C's** of Credit:

**C**apital – the amount of your own money invested in the business.

**C**haracter – your reputation in business matters, including your credit history.

**C**apacity – your credit limit and the cash flow available to repay the loan.

**C**ollateral – assets pledged as security for the loan. Guarantees – someone else’s promise to repay the loan if you don’t – can also serve as collateral.

**C**onditions – the intended uses of the loan, and the business environment in which you will be operating.

Be prepared and organized when approaching a lender. In addition to having a copy of your business plan available, be prepared to tell the lender how much money you need, what you need it for, and how you will pay it back.

## **Where do I apply for a loan?**

Commercial banks are the most common source of business loans. A good place to start is a bank you already do business with, perhaps where you have a checking account or have previously borrowed money. Other sources include revolving loan funds, and state or federal loan funds. For information on local revolving loan funds, contact the ARDOR for your area (see the Appendix) or the Small Business Development Center.

The following agencies and organizations may be contacted for more information about business financing programs. For programs that fit your business proposal, be sure to ask for current information about terms and conditions, the availability of funds, and application procedures.

### **Alaska Division of Investments**

Department of Commerce, Community, and Economic Development

P.O. Box 34159

Juneau, AK 99803-4159

Phone (907) 465-2510

Fax (907) 465-2103

**or**

550 West 7<sup>th</sup> Avenue, Suite 1650

Anchorage, AK 99501-3568

Phone (907) 269-8150

Fax (907) 269-8147

<http://www.commerce.state.ak.us/investments/index.cfml>

The Division of Investment’s Small Business Economic Development (SBED) Loan Fund provides financing for businesses that will create long-term private sector employment. The loan fund is available in most areas of the state, except for Anchorage and Juneau. Borrowers must be unable to obtain bank financing, and must match loan funds with cash or other private financing. The maximum

loan amount is \$300,000. The maximum term is 20 years for fixed asset loans and 5 years for working capital loans. The interest rate is generally less than 6%.

The Rural Development Initiative Fund (RDIF) is available only to businesses located in a community with a population of 5,000 or less. Loans must result in the creation or retention of jobs in the community. The maximum loan amount is \$100,000 to one person, or \$200,000 to two or more people. The maximum term is 25 years, and the interest rate is 1% below the prime rate but not less than 6%.

**Alaska Growth Capital**

3900 C Street, Suite 302

Anchorage, AK 99503

Phone (907) 339-6760 or toll-free 1-888-315-4904

Fax (907) 339-6771

<http://www.alaskagrowth.com>

Alaska Growth Capital provides loans to viable businesses that banks consider too risky. Alaska Growth Capital also makes equity investments in businesses by buying stock in the company, and makes hybrid loans that combine the features of debt and equity financing.

**Alaska Industrial Development and Export Authority (AIDEA)**

813 W. Northern Lights Blvd.

Anchorage, AK 99503

Phone (907) 269-3000 or toll-free 1-888-300-8534

Fax (907) 269-3044

<http://www.aidea.org/>

AIDEA's Loan Participation Program increases the availability of financing by purchasing a portion of a loan from a financial institution. AIDEA's portion of the loan may offer a lower interest rate or a longer term than the bank's portion. Application to the Loan Participation Program is made after the loan is approved by the financial institution.

The Loan Guarantee Program provides a guarantee of up to 80% of a loan, not to exceed \$1 million, made by an eligible financial institution (i.e. a bank). A loan guarantee provides an additional assurance to the lender, that the guarantor agrees to repay a percentage of the loan in the event the borrower defaults and is unable to repay the loan.

### **U.S. Small Business Administration**

510 L Street, Suite 310  
Anchorage, AK 99501  
Phone (907) 271-4022 or toll-free 1-800-755-7034  
Fax (907) 271-4545  
<http://www.sba.gov/ak/>

The SBA's 7(a) Loan Guaranty Program is available to most small businesses, and provides a guaranty of up to 85% of loans in the amount of \$150,000 or less. For larger loans, the maximum guaranty is 75%. Most private sectors lenders are familiar with the SBA program.

The 504 Loan Program provides financing through a Certified Development Company (CDC), a nonprofit corporation set up to enhance economic development. The CDC provides a portion of the financing in addition to an amount borrowed from a bank. 504 loans cannot be used for working capital, inventory, or restructuring of existing debt. The CDC for Alaska is:

### **Evergreen Community Development Association**

Desiree Gray, Loan Officer  
900 Fourth Avenue, Suite 2900  
Seattle, WA 98164  
Phone (206) 622-3731 or 1-800-878-6613  
Fax (206) 623-6613  
<http://www.ecda.com>

### **U.S.D.A. Rural Development**

800 W. Evergreen, Suite 201  
Palmer, AK 99645  
Phone (907) 761-7705  
Fax (907) 761-7783  
<http://www.rurdev.usda.gov/ak/business%20&%20industry.htm>

The Business and Industry Guaranteed Loan Program provides guarantees for loans made by an authorized lender. The program is available to businesses anywhere in Alaska outside the Municipality of Anchorage. The percentage of the guarantee varies with the size of the loan.



## What other forms of business financing are available?

Venture capital firms invest money in businesses in exchange for a share of ownership. Venture capital is a form of equity financing, that is, it is not repaid like a bank loan. However, venture capitalists often expect a substantial return on their investment.

Grants are generally available only to businesses to pursue the advancement of knowledge or the development of new technologies, or for vocational rehabilitation.

Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) are federal grant programs that provide funding for the research and development of new technologies. Assistance with identifying and applying for these grants is available from:

### **TREND - Technology Research and Development Center**

430 West 7<sup>th</sup> Avenue, Suite 110

Anchorage, AK 99501

Phone (907) 274-7232 or 1-800-478-7232

Fax (907) 274-9524

<http://www.trendalaska.org>

\* \* \* \* \* **Notes** \* \* \* \* \*



# Is My Paperwork Done? Licenses and Permits

Please note that this list covers the basic requirements common to most businesses. Be sure to check for additional requirements specific to your location or industry.

## Business License

Anyone who engages in a business activity in Alaska must have a state business license for that activity. If the activity includes tobacco sales, a tobacco endorsement is also required. Business licenses are available from:

Division of Corporations, Business and Professional Licensing  
Department of Commerce, Community, and Economic Development  
P.O. Box 110806  
Juneau, AK 99811

<http://www.commerce.state.ak.us/occ/home.htm>

Or call:

Juneau (907) 465-2550  
Anchorage (907) 269-8173

Check with your local municipal government for additional requirements.

## Professional License

Some types of work require a professional license. Licensing ensures that professional standards are maintained, and that the safety of the public is protected. State and federal agencies involved in professional licensing are as follows:

Division of Corporations, Business and Professional Licensing  
Department of Commerce, Community, and Economic Development  
P.O. Box 110806  
Juneau, AK 99811  
Phone (907) 465-2534  
Fax (907) 465-2974  
<http://www.commerce.state.ak.us/occ/home.htm>

Licensing for the following occupations:

- Acupuncturists
- Architects, Engineers, and Land Surveyors
- Audiologists and Speech-Language Pathologists
- Barbers, Hairdressers, and Cosmetologists
- Big Game Guides and Transporters
- Chiropractic Examiners
- Collection Agencies
- Concert Promoters

Construction Contractors  
Dental Examiners  
Dietitians and Nutritionists  
Dispensing Opticians  
Electrical Administrators  
Euthanasia Services  
Geologists  
Guardians and Conservators  
Hearing Aid Dealers  
Home Inspectors  
Marine Pilots  
Marital and Family Therapy  
Mechanical Administrators  
Medical Board  
Midwives  
Morticians  
Naturopathy  
Nursing  
Nursing Home Administrators  
Optometry  
Pharmacy  
Physical Therapy and Occupational Therapy  
Professional Counselors  
Psychologist and Psychological Associate  
Public Accountancy  
Real Estate  
Real Estate Appraisers  
Social Work Examiners  
Underground Storage Tank Worker  
Veterinary Examiners



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Mechanical Inspection Section  
Division of Labor Standards and Safety  
Department of Labor and Workforce Development  
3301 Eagle Street #302  
Anchorage, AK 99503  
Phone (907) 269-4925  
Fax (907) 269-4932  
<http://labor.state.ak.us/lss/lssforms.htm>

Licensing for the following occupations:

Plumber  
Electrical Worker  
Boiler Operator  
Hazardous Paint Handler  
Explosives Handler  
Asbestos Removal Worker

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Wage and Hour Administration  
Division of Labor Standards and Safety  
Department of Labor and Workforce Development  
1111 West 8<sup>th</sup> Street, Room 304  
Juneau, AK 99801  
Phone (907) 465-4855  
Fax (907) 465-6012  
<http://labor.state.ak.us/lss/home.htm>

Licensing for the following occupation:  
Employment Agency Operator

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Division of Banking and Securities  
Department of Commerce, Community, and Economic Development  
P.O. Box 110807  
Juneau, AK 99811  
Phone (907) 465-2521  
Fax (907) 465-1230  
<http://www.commerce.state.ak.us/bsc/home.htm>



Licensing for the following occupation:  
Investment Broker-Dealer and related occupations

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Division of Insurance  
Department of Commerce, Community, and Economic Development  
P.O. Box 110805  
Juneau, AK 99811  
Phone (907) 465-2515  
Fax (907) 465-3422  
<http://www.commerce.state.ak.us/insurance/>

Licensing for the following occupation:  
Insurance occupations

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Division of Public Assistance  
Department of Health and Social Services  
Phone (907) 269-4600 or 1-800-764-9466 (message)  
Fax (907) 269-1064  
<http://www.hss.state.ak.us/dpa/programs/ccare/licensing.html>

Licensing for the following occupation:  
Child Care Provider (includes day care centers and child care homes)

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Teacher Certification  
Department of Education and Early Development  
801 West 10<sup>th</sup> Street, Suite 200  
Juneau, AK 99801  
Phone (907) 465-2831  
Fax (907) 465-2441  
<http://www.eed.state.ak.us/teachercertification/>

Licensing for the following occupation:  
Teacher

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Division of Administrative Services  
Department of Fish and Game  
P.O. Box 25526  
Juneau, AK 99802  
Phone (907) 465-6085  
Fax (907) 465-6078  
<http://www.admin.adfg.state.ak.us/license/>

Licensing for the following occupations:  
Commercial Crewmember  
Sport Fish Business Owner and Guide

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Alcoholic Beverage Control Board  
Department of Public Safety  
5848 E. Tudor Road  
Anchorage, AK 99507  
Phone (907) 269-0350  
Fax (907) 272-9412  
<http://www.dps.state.ak.us/abc/>

Training certification for the following occupation:  
Alcohol Server

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Division of Motor Vehicles  
Department of Administration  
1300 W. Benson Blvd., Suite 200  
Anchorage, AK 99503  
Phone (907) 269-5551  
<http://www.state.ak.us/dmv>

Licensing for the following occupation:  
Commercial Motor Vehicle Operator

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Section of Community Health and Emergency Medical Services  
Division of Public Health  
Department of Health & Social Services  
P.O. Box 110616  
Juneau, AK 99811-0616  
Phone (907) 465-3027  
Fax (907) 465-6736  
<http://www.chems.alaska.gov/EMS/certification.htm>

Certification for the following occupation:  
Emergency Medical Technician

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Pesticide Control Program  
Division of Environmental Health  
Department of Environmental Conservation  
1700 E Bogard Road, Bldg B, Suite 202  
Wasilla, AK 99654  
Phone (800) 478-2577  
Fax (907) 376-2382  
<http://www.dec.state.ak.us/eh/pest/>

Licensing/certification for the following occupation:  
Pesticide Applicator

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Operator Training and Certification Program  
Division of Water  
Department of Environmental Conservation  
410 Willoughby Avenue, Suite 303  
Juneau, AK 99801  
Phone (907) 465-5143  
Fax (907) 465-5177  
<http://www.dec.state.ak.us/water/opcert/index.htm>

Licensing for the following occupation:  
Water and Wastewater Systems Operator

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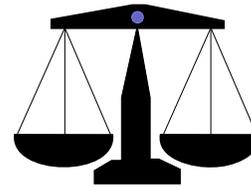
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Permits and Licensing Unit  
Division of Statewide Services  
Department of Public Safety  
5700 East Tudor Road  
Anchorage, AK 99507  
Phone (907) 269-0393  
Fax (907) 269-5609  
<http://www.dps.state.ak.us/PermitsLicensing/>

Licensing for the following occupations:  
Security Guard  
Process Server

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Board of Governors  
Alaska Bar Association  
P.O. Box 100279  
Anchorage, AK 99510  
Phone (907) 272-7469  
Fax (907) 272-2932  
<http://www.alaskabar.org>



Licensing for the following occupation:  
Attorney

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Commercial Fisheries Entry Commission  
8800 Glacier Highway #109  
Juneau, AK 99801  
Phone (907) 789-6160  
Fax (907) 789-6170  
<http://www.cfec.state.ak.us>

Licensing for the following occupation:  
Commercial Fisher (includes sport fishing)

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Division of Sport Fish  
Department of Fish and Game  
333 Raspberry Road  
Anchorage, AK 99518-1599  
Phone (907) 267-2369  
Fax (907) 267-2422  
<http://www.sf.adfg.state.ak.us/statewide/Guides/Guideforms.cfm>

Licensing for the following occupations:  
Sport Fishing Guides  
Sport Fishing Charters

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Federal Aviation Administration  
U.S. Department of Transportation  
222 West 7<sup>th</sup> Ave  
Anchorage, AK 99513  
Phone (907) 271-5514  
Fax (907) 271-1665  
<http://www.alaska.faa.gov>



Licensing for the following occupations:  
Aircraft Pilot  
Aircraft Mechanic  
Aircraft Dispatcher

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Office of Marine Safety  
U.S. Coast Guard  
2760 Sherwood Lane #2A  
Juneau, AK 99801  
Phone (907) 463-2458  
<http://www.uscg.mil/stcw/>

800 E Dimond Blvd, Suite 3-227  
Anchorage, AK 99515  
Phone (907) 271-6736

Licensing for the following occupations:  
Charter Boat Operator  
Merchant Marine

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U.S. Customs and Border Protection  
U.S. Department of Homeland Security  
605 West 4<sup>th</sup> Avenue, Room 203  
Anchorage, AK 99501  
Phone (907) 271-2675  
Fax (907) 271-2684  
<http://www.cbp.gov/xp/cgov/home.xml>

Licensing for the following occupation:  
Customs Broker and related occupations

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Environmental Protection Agency  
U.S. Department of Energy  
1200 Sixth Avenue  
Seattle, WA 98101  
Phone 1-800-424-4372  
<http://www.epa.gov>

Licensing for the following occupations:  
Freon Technician, Certified  
Motor Vehicle Air Conditioning Technician

**Check with your local municipal government for additional requirements.**

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### **Environmental Permit**

Some businesses will need permits from the Alaska Department of Environmental Conservation. Just a few examples of the types of businesses that may need permits are bed & breakfasts, barber shops, food processors, and businesses using pesticides. A list of forms and permit applications is available at <http://www.dec.state.ak.us/eh/forms.htm>

For help determining what permits you may need, contact:

Department of Environmental Conservation  
555 Cordova Street  
Anchorage, AK 99501  
Phone (907) 269-7501 or 1-800-510-ADEC  
Fax (907) 269-7510  
or your local field office

### **Occupational Safety**

Standards for occupational safety and health are administered by the Labor Standards and Safety Division of the Alaska Department of Labor and Workforce Development. The Wage and Hour Administration enforces labor laws. The Mechanical Inspection Section inspects and certifies amusement rides, boiler and pressure vessels, elevators, and electrical and plumbing installations. The Occupational Safety and Health Section protects workers from job-related accidents and illnesses. For more information, contact:

Division of Labor Standards and Safety  
Department of Labor and Workforce Development  
1111 West 8<sup>th</sup> Street, Room 304  
Juneau, AK 99801  
Phone (907) 465-4855  
Fax (907) 465-6012  
<http://labor.state.ak.us/lss/home.htm>



## **Alcoholic Beverage Licenses and Permits**

The Alcoholic Beverage Control Board controls the manufacture, barter, possession, and sale of alcoholic beverages in Alaska. The Board issues liquor licenses, and permits for catering, restaurants, and special events. For more information, contact:

Alcoholic Beverage Control Board  
Department of Public Safety  
5848 E. Tudor Road  
Anchorage, AK 99507  
Phone (907) 269-0350  
Fax (907) 272-9412  
<http://www.dps.state.ak.us/abc/>

## **Tobacco License**

The Department of Revenue issues licenses for trade in tobacco products, including retailers and vending machine operators. Information on licensing and bonding for trade in tobacco products is available from:

Tax Division  
Department of Revenue  
P.O. Box 110420  
Juneau, AK 99811  
Phone (907) 465-2320  
Fax (907) 465-2375  
<http://www.tax.state.ak.us/programs/tobacco/index.asp>

Tax Division  
Department of Revenue  
550 West 7<sup>th</sup> Avenue, Suite 500  
Anchorage, AK 99501  
Phone (907) 269-6620  
Fax (907) 269-6644

## **State Bonded Warehouse License**

(for alcoholic beverage warehouses)

A license from the Department of Revenue is required to operate an alcoholic beverage warehouse. Information is available from:

Tax Division  
Department of Revenue  
550 West 7<sup>th</sup> Avenue, Suite 500  
Anchorage, AK 99501  
Phone (907) 269-6620  
Fax (907) 269-6644  
<http://www.tax.state.ak.us/programs/alcohol/index.asp>

## **Alaska Seafood Processor and Exporter License**

A single "Intent to Operate" license and permit for seafood processors and exporters is available that covers the requirements for Department of Revenue, Department of Environmental Conservation, and Department of Fish and Game. The application must be completed by anyone who:

- ✓ receives, prepares, processes, or transports a seafood or fishery product, including roe recovery, to sell for human consumption.
- ✓ custom processes a seafood or fishery product.
- ✓ has a seafood or fishery product custom processed for them.
- ✓ transports an unprocessed seafood or fishery product outside of Alaska.

The application and instructions are available from:

Tax Division  
Department of Revenue  
P.O. Box 110420  
Juneau, AK 99811  
Phone (907) 465-4683  
Fax (907) 465-2375  
<http://www.tax.state.ak.us/programs/fisheries/index.asp>

## **Mining License**

Mining licenses are issued by Department of Natural Resources for all mining operations including sand and gravel. Information is available from:

Division of Mining, Land, and Water  
Department of Natural Resources  
550 West 7<sup>th</sup> Avenue, Suite 900B  
Anchorage, AK 99501  
Phone (907) 269-8647  
Fax (907) 269-8949  
<http://www.dnr.state.ak.us/mlw>



## **Qualified Dealer License**

(for motor fuel dealers)

Motor fuel wholesalers and distributors obtain a qualified dealer license from the Department of Revenue. Information is available from:

Tax Division  
Department of Revenue  
550 West 7<sup>th</sup> Avenue, Suite 500  
Anchorage, AK 99501  
Phone (907) 269-6642  
Fax (907) 269-6644  
<http://www.tax.state.ak.us/programs/motorfuel/index.asp>

# Is My Paperwork Done? Legal Protections



## Registration of Business Name

The name you use for your business may become an asset – the business name becomes associated with the high quality of goods or services that you provide, and another business owner may want to use that reputation for his own benefit. Registering your business name prevents other businesses around the state from using the same name.

A business name may be reserved while you are preparing to start your business. A business name reservation is valid for 120 days.

For corporations, limited liability companies, and other business organizations certified with the State of Alaska, the business name is automatically registered when the form of business is certified.

A business name is eligible to be registered if it can be distinguished from other business names (e.g. “Alaska Airlines” is already in use), if it is not misleading (e.g. the name cannot include “corporation” if the business is not incorporated), and if it is not vulgar. Before reserving or registering a business name, make sure the name is available and will not be misleading.

Registration of a business name is valid for five years, and can be renewed.

For more information, or to request applications, contact:

Corporations Section  
Division of Corporations, Business and Professional Licensing  
Department of Commerce, Community, and Economic Development  
P.O. Box 110808  
Juneau, AK 99811  
Phone (907) 465-2530  
Fax (907) 465-3257  
<http://www.commerce.state.ak.us/bsc/register.html>

## Trademark

A state trademark can be obtained for a name, logo, or design that identifies your product. A service mark can be registered to identify a service. A mark cannot be registered if it is in any way deceptive or misleading. The trademark or service mark registration is valid for five years, and then can be renewed. For more information, or for an application, contact:

Corporations Section  
Division of Corporations, Business and Professional Licensing  
Department of Commerce, Community, and Economic Development  
P.O. Box 110808

Juneau, AK 99811  
Phone (907) 465-2530  
Fax (907) 465-3257  
<http://www.commerce.state.ak.us/bsc/tmark.htm>

Federal trademark protection is also available, from the U.S. Patent and Trademark Office (see Patent, below).

## Copyright

A copyright is a federal protection against the unauthorized use of one's artwork, music, photography, written works, and other intellectual property. To be eligible for copyright protection, the work must be written or recorded in some way, and it must contain original work.

Copyright is secured automatically when the work becomes "fixed," that is, written or recorded. Copyright notice provides additional protection, in the event the owner must defend the copyright. Copyright notice includes three elements:

- ✓ The symbol © or the word "copyright."
- ✓ The year in which the work was first published.
- ✓ The name of the owner of the copyright.

For example, "Copyright 2001 by John Doe"

Copyrights can also be registered with the Copyright Office of the Library of Congress. For more information, contact:

Library of Congress  
Copyright Office  
101 Independence Avenue, S.E.  
Washington, D.C. 20559-6000  
Phone (202) 707-3000 (Public Information Office)  
<http://www.copyright.gov>



## Patent

A patent is a federal protection against the unauthorized use of one's invention, provided the invention contains new ideas or unique applications. A patent grants "the right to exclude others from making, using, offering for sale, or selling" the invention in the United States.

Patents must be applied for through the U.S. Patent and Trademark Office. A successful application requires an understanding of patent law and the procedures of the U.S. Patent and Trademark Office. For assistance with the application, an inventor may hire a patent attorney or patent agent who has been registered with the U.S. Patent and Trademark Office.

The Patent Assistance Center provides general information about patents, and can assist with filling out forms. Contact:

General Information Services Division

U.S. Patent and Trademark Office

Crystal Plaza 3, Room 2C02

P.O. Box 1450

Washington, D.C. 22313-1450

Phone 1-800-786-9199

<http://www.uspto.gov>

\* \* \* \* \* **Notes** \* \* \* \* \*



# Is My Paperwork Done? Requirements for Employers



**Please note that this checklist covers the basic requirements common to most businesses. Be sure to check for additional requirements specific to your location or industry.**

You are an employer if you have people who perform services for you, and you “can control what will be done and how it will be done.” The responsibilities of the employer to withhold and pay taxes cannot be avoided simply by calling an employee “contract labor” or “independent contractor.” The employee-employer relationship is established by the nature of the workplace relationship, not by the job title used.

The Internal Revenue Service, for purposes of determining an employer’s responsibility to withhold, report, and pay income tax withholding, social security, Medicare, and federal unemployment tax, considers the following factors:

	<b>An employee -</b>	<b>An independent contractor -</b>
Behavioral Control	<ul style="list-style-type: none"> <li>- may be trained to perform work a certain way.</li> <li>- may be given specific work assignments.</li> <li>- may be provided with tools, equipment, or supplies.</li> </ul>	<ul style="list-style-type: none"> <li>- may complete the work by his own methods.</li> <li>- may hire others to complete parts of a project.</li> <li>- may be required to use his own equipment or tools.</li> </ul>
Financial Control	<ul style="list-style-type: none"> <li>- may be paid an hourly wage or salary.</li> </ul>	<ul style="list-style-type: none"> <li>- may make either a profit or a loss on the work performed.</li> <li>- may provide similar services for other businesses.</li> </ul>
Type of Relationship	<ul style="list-style-type: none"> <li>- may be hired for an unspecified period of time.</li> <li>- may be doing work that is a key aspect of the regular business activity, such as selling merchandise.</li> </ul>	<ul style="list-style-type: none"> <li>- may be hired for the length of a particular project.</li> <li>- may have a contract with the business that specifies the work to be completed.</li> </ul>

Under Alaska law, for purposes of determining an employer’s responsibility to withhold, report, and pay unemployment taxes, all three of the following conditions

must be met for a worker to be considered an independent contractor rather than an employee:

1. be free from direction and control.
2. not be in the employer's usual course or place of business.
3. be customarily working in an independent trade or business of the same nature.

However, if the services performed are outside the employer's trade or business but the worker is paid \$50 or more during a calendar quarter and the service is performed by a worker who is regularly employed to do this work, then the worker must be covered for state unemployment.

Employers are subject to a variety of state and federal requirements. To become familiar with employer requirements, request copies of the following publications:

### **IRS Publication 15 – Circular E, Employer's Tax Guide**

Call the Internal Revenue Service at 1-800-829-3676 or go to <http://www.irs.gov>.

### **Alaska Employment Security Tax Handbook**

Request from:

Alaska Department of Labor and Workforce Development  
Employment Security Tax  
P.O. Box 25506  
Juneau, AK 99802-5506  
Phone (907) 465-2757 or 1-888-448-2937 toll free  
Fax (907) 465-2374  
[http://www.labor.state.ak.us/estax/forms/toc\\_forms.htm](http://www.labor.state.ak.us/estax/forms/toc_forms.htm)

When you contact Employment Security, ask to be registered as an employer.

Most employers are required to withhold, report, and pay employment taxes, which include income tax, social security (FICA), Medicare, and state and federal unemployment taxes. An Employer Identification Number (EIN) must be used in reporting and paying employment taxes. To apply for an EIN, call the IRS at 1-800-829-3676 and ask for Form SS-4, Application for Employer Identification Number or go to <http://www.irs.gov>.

Employers are required to make sure that their employees are eligible to work in the United States. The employer must have a completed Form I-9, Employment Eligibility Verification on file for each employee. Request the Form I-9 from the Immigration and Naturalization Service (INS) by calling 1-800-870-3676 or go to <http://uscis.gov/graphics/formsfee/forms/i-9.htm>

Employers are also required to have on file for each employee a completed IRS Form W-4, Employee's Withholding Allowance Certificate, available from the IRS

at 1-800-829-3676. The Form W-4 provides the information the employer needs to calculate income tax withholding for the employee.

Employers are required to provide a written hiring agreement at the time an employee is hired. The written hiring agreement must state:

- the rate of pay (including benefits),
- the day of pay, and
- the place of pay.

Written notification must also be provided of any changes. The Department of Labor's Wage and Hour Administration can review your company's hiring agreement and suggest changes, if necessary. Wage and Hour Administration has three offices:

Anchorage - 3301 Eagle Street, Suite 301  
Anchorage, AK 99503  
Phone (907) 269-4900  
Fax (907) 269-4915

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Fairbanks - 675 7<sup>th</sup> Avenue, Station J  
Fairbanks, AK 99701  
Phone (907) 451-2886  
Fax (907) 451-2885

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Juneau - 1111 W. 8<sup>th</sup> Street, Room 302  
Juneau, AK 99801  
Phone (907) 465-4842  
Fax (907) 465-3584

Maintain accurate payroll records, following the instructions in the IRS Publication 15 and the Alaska Employment Security Tax Handbook for calculating, withholding, reporting, and paying employment taxes. Reports to be filed on a quarterly basis include:

IRS Form 941, Employer's Quarterly Federal Tax Return, for reporting income tax withholding, social security, and Medicare. Social security and Medicare taxes are withheld from employees' wages, and a matching amount is also paid by the employer.

Contribution Reports, for reporting state unemployment tax. A portion of the state unemployment tax is withheld from wages, and a portion is paid by the employer. The executive officers of a corporation are generally excluded from state unemployment coverage, but if coverage is elected it applies to all officers as a group. Coverage cannot be elected by sole proprietors, partners, or managing members of a LLC. Coverage is also excluded for certain family members working for a sole proprietor.

The income taxes withheld and both the employee and employer portions of social security and Medicare taxes are deposited at an authorized financial institution using a Form 8109, Federal Tax Deposit Coupon, which is available from the IRS.

During your first year in business, if the amount owed for the quarter totals less than \$2,500, payment can be made with the Form 941.

In addition, at the end of the year, a Form 940 or 940-EZ, Employer's Annual Federal Unemployment Tax Return, is filed to report federal unemployment tax. Federal unemployment tax is also referred to as FUTA. It is paid by the employer, with no portion withheld from employee wages.

**Again, be sure to obtain copies of IRS Publication 15 – Circular E, Employer's Tax Guide and Alaska Employment Security Tax Handbook.**

### **Workers' Compensation Insurance**

Workers' compensation is a program that requires employers to pay medical costs and a portion of lost wages for employees who are injured or become ill because of work conditions. The Alaska Workers' Compensation Act requires each employer having one or more employees in Alaska to obtain workers' compensation insurance, unless the employer has been approved as a self-insurer. Workers who are not required to be covered under a workers' compensation policy include high school students in work study programs, and participants in the Alaska temporary assistance program. The business owners may exempt themselves from coverage.

Workers' compensation insurance can be purchased from insurance companies. If an employer is not able to obtain coverage from a commercial insurance carrier, they can purchase insurance through Alaska's Assigned Risk Pool. The cost of the coverage is based on the amount of the employer's payroll, the level of risk for workers, and the employer's history of claims.

Employers must provide proof of workers' compensation insurance to the Division of Workers' Compensation, which is usually submitted by the insurance company.

For more information, contact:

Division of Workers' Compensation  
Department of Labor and Workforce Development  
P.O. Box 25512  
Juneau, AK 99802  
Phone (907) 465-2790  
Fax (907) 465-2797  
<http://labor.state.ak.us/wc/home.htm>



## **Workplace Posters**

The following posters are required to be posted in your workplace:

### **Employee Polygraph Protection Act**

Available from: Employment Standards Administration  
U.S. Department of Labor  
200 Constitution Avenue NW  
Washington, D.C. 20210  
1-866-4USWAGE  
<http://www.dol.gov/esa/regs/compliance/posters/eppa.htm>

### **Notice to Employees - Federal Minimum Wage**

Available from: Wage and Hour Division  
U.S. Department of Labor  
200 Constitution Ave. NW  
Washington, D.C. 20210  
Toll free 1-866-4USWAGE  
<http://www.dol.gov/esa/regs/compliance/posters/flsa.htm>

### **Your Rights Under the Family & Medical Leave Act of 1993**

Available from: Wage & Hour District Office  
U.S. Department of Labor  
1111 3<sup>rd</sup> Avenue, Suite 755  
Seattle, WA 98101-3212  
Toll free 1-866-487-2365  
<http://www.dol.gov/esa/regs/compliance/posters/fmla.htm>

### **Employer's Notice of Insurance**

Provided by your insurance company.

### **Equal Employment Opportunity is the Law**

Available from: EEOC Office of Communication  
1801 L Street N.W.  
Washington, D.C. 20507  
Phone 1-800-669-3362 or 1-800-435-7232  
<http://www.dol.gov/esa/regs/compliance/posters/eo.htm>

### **The Alaska Human Rights Law & Federal Law Prohibit Sexual Harassment**

Available from: Alaska State Commission for Human Rights  
800 A Street, Suite 204  
Anchorage, AK 99501  
Phone (907) 274-4692 or 1-800-478-4692  
[http://www.gov.state.ak.us/aschr/harassment\\_poster.pdf](http://www.gov.state.ak.us/aschr/harassment_poster.pdf)

## **Summary of Alaska Wage & Hour Act**

Available from: Wage & Hour Administration  
Department of Labor & Workforce Development  
P.O. Box 21149  
Juneau, AK 99802-1149  
Phone (907) 465-4842  
<http://labor.state.ak.us/lss/forms/sum-wh-act.pdf>

## **Emergency Information**

Available from: Labor Standards & Safety Division  
Department of Labor & Workforce Development  
P.O. Box 21149  
Juneau, AK 99802-1149  
Phone (907) 465-4855 or 1-800-770-4940  
<http://labor.state.ak.us/lss/forms/EmergInfo.pdf>

## **It's Your Right to Know/Safety and Health Protection on the Job**

Available from: Labor Standards & Safety Division  
Department of Labor & Workforce Development  
P.O. Box 21149  
Juneau, AK 99802-1149  
Phone (907) 465-4855 or 1-800-770-4940  
<http://labor.state.ak.us/lss/forms/right-to-know.pdf>

## **Notice to Employees - Unemployment Insurance**

Available from: Employment Security Division  
Department of Labor & Workforce Development  
P.O. Box 25509  
Juneau, AK 99802-5509  
Phone (907) 465-1849  
<http://labor.state.ak.us/lss/forms/1012.pdf>

## **Uniformed Services Employment and Reemployment Rights Act**

Available from: Veterans' Employment and Training Service  
U.S. Department of Labor  
200 Constitution Avenue, NW  
Washington, D.C. 20210  
Phone 1-866-4USADOL  
<http://dol.gov/vets/programs/userra/poster.htm>

## **You Have a Right to a Safe and Healthful Workplace**

Available from: Occupational Safety & Health Administration  
U.S. Department of Labor  
OSHA Publications  
P.O. Box 37535  
Washington, D.C. 20013-7535  
Phone (202) 693-1888  
Fax (202) 693-2498  
<http://www.osha.gov/pls/publications/pubindex.list>

For more information about employment posters, contact:  
Alaska Department of Labor and Workforce Development  
Division of Labor Standards and Safety  
1111 West 8<sup>th</sup> Street, Room 304  
Juneau, AK 99801  
Phone (907) 465-4855 or 1-800-770-4940  
<http://labor.state.ak.us/lss/posters.htm>

**\* \* \* \* \* Notes \* \* \* \* \***



# Is My Paperwork Done? Business Taxes



Please note that this checklist covers the basic requirements common to most businesses. Be sure to check for additional requirements specific to your location or industry.

## Local Taxes

Check with your local municipal government for information on sales taxes, personal property taxes, or other taxes related to your business.

## State Taxes

Every corporation doing business in the state of Alaska must file an Alaska Corporation Net Income Tax Return. A limited liability company must file an Alaska return consistent with its federal tax status — if it is treated as a corporation for federal tax purposes, it is also treated as a corporation for state tax purposes.

The tax rate varies with the amount of taxable income. The tax is due to be paid two and a half months after the end of the corporation's tax year, and the tax return must be filed thirty days after the due date of the federal income tax return.

For more information, contact:

Tax Division  
Department of Revenue  
P.O. Box 110420  
Juneau, AK 99811  
Phone (907) 465-2320  
Fax (907) 465-2375  
<http://www.tax.state.ak.us/programs/corporate/index.asp>

## Federal Taxes

Federal taxes will vary depending on the legal form of your business and the type of business activity —

- ✓ For a sole proprietorship, the business income and expenses will be reported on Schedule C of the business owner's Form 1040. The earnings of the business are then taxed at the owner's tax rate.
- ✓ For a partnership, the business income and expenses will be reported on the partnership's Form 1065, with a Schedule K-1 for each partner's share of income and expenses. Each partner then includes his Schedule K-1

information on his own tax return and pays taxes on his share of the partnership's earnings.

- ✓ For a corporation, the business income and expenses will be reported on the corporation's Form 1120, and the corporation will pay taxes on its earnings. For a corporation that has elected to be treated as an S corporation, a Form 1120S is used to report the corporation's income and expenses, but no income tax is paid by the corporation. Each owner reports his share of income and expenses on his own tax return and pays taxes on his share of earnings.
- ✓ For a limited liability company, reporting requirements and tax liability are based on whether the LLC has elected to be treated a sole proprietorship, partnership, or corporation.

For more information, contact:  
Phone 1-800-829-1040 (to speak to an IRS representative)

Internal Revenue Service  
949 East 36<sup>th</sup> Avenue  
Anchorage, AK 99508  
Phone (907) 271-6391 (for recorded information or to leave a message)  
<http://www.irs.gov>

Request a copy of Publication 583, Starting a Business and Keeping Records by calling 1-800-829-3676.

**\* \* \* \* \* Notes \* \* \* \* \***



# Appendix A

## Alaska Regional Development Organizations (ARDORs)

### **Anchorage Economic Development Corporation**

Robert Poe, CEO  
900 West 5th Avenue, Suite 300  
Anchorage, AK 99501  
Phone (907) 258-3700  
Fax (907) 258-6646  
<http://www.aedcweb.com/>

### **Bering Strait Development Council**

Barb Nickels, Economic Development Planner  
Kawerak, Incorporated  
P.O. Box 948  
Nome, Alaska 99762  
Phone (907) 443-4248  
Fax (907) 443-4449  
<http://www.kawerak.org/>

### **Copper Valley Economic Development Council**

John Downes, Executive Director  
P.O. Box 9  
Glennallen, AK 99588  
Phone (907) 822-5001  
Fax (907) 822-5009  
<http://www.alaskaeconomicdevelopment.org/>

### **Fairbanks North Star Borough Economic Development Commission**

Kathryn Dodge, Economic Development Coordinator  
P.O. Box 71267  
Fairbanks, AK 99707  
Phone (907) 459-1309  
Fax (907) 459-1102  
<http://co.fairbanks.ak.us>

**Kenai Peninsula Borough Economic Development District**

John Parker, Executive Director  
14896 Kenai Spur Hwy, Suite 103-A  
Kenai, AK 99611-7000  
Phone (907) 283-3335 ext. 222  
Fax (907) 283-3913  
<http://www.kpedd.org/>

**Lower Kuskokwim Economic Development Council**

Carl Berger, Executive Director  
P.O. Box 2021  
Bethel, AK 99559  
Phone (907) 543-5967  
Fax (907) 543-3130

**Mat-Su Resource Conservation & Development Council**

Rob Wells, Executive Director  
1700 E. Bogard Road, Suite 203  
Wasilla, AK 99654  
Phone (907) 373-1062 ext. 108  
Fax (907) 373-1064  
<http://www.matsurcd.com>

**Northwest Arctic Borough Economic Development Commission**

Lee Stoops, Executive Director  
P.O. Box 1110  
Kotzebue, AK 99752  
Phone (907) 442-2500  
Fax (907) 442-3740  
<http://www.northwestarcticborough.org>

**Prince William Sound Economic Development District**

Sue Cogswell, Executive Director  
2207 Spenard Rd, Suite 207  
Anchorage, AK 99503  
Phone (907) 222-2440  
Fax (907) 222-2411  
<http://www.alaska.net/~pwsedc/>

**Southeast Conference**

Rollo Pool, Executive Director  
P.O. Box 21989  
Juneau, AK 99802  
Phone (907)463-3445 ext.23  
Fax (907) 463-4425  
<http://www.seconference.org>

**Southwest Alaska Municipal Conference**

Wanetta Ayers, Executive Director  
3300 Arctic Blvd., Suite 203  
Anchorage, AK 99503  
Phone (907) 562-7380  
Fax (907) 562-0438  
<http://www.swamc.org>

## Appendix B

### Example of Break-Even Analysis

Pat is known for making great home-made pizza. He's decided to start a take-out pizza place in his community of six hundred residents. There's an unused commercial kitchen he can rent for his business. Pat wants to see how profitable this might be.

First he estimates the monthly fixed costs:

Rent	\$450.00
Utilities (electric, phone, heating fuel)	200.00
Insurance	50.00
Advertising (fliers)	15.00
Supplies	75.00
Office expenses	25.00
Owner's salary	<u>1,000.00</u>
<b>Total monthly fixed costs</b>	<b>\$1,815.00</b>

Next he estimates the variable cost per pizza. Pat's main product will be a large pepperoni pizza. From making pizza at home, he can estimate the costs per pizza:

Pizza dough, sauce, cheese, pepperoni	\$6.00
Pizza box	<u>+ .50</u>
<b>Total variable cost per pizza</b>	<b>\$6.50</b>

Based on the variable cost per pizza of \$6.50, Pat thinks a reasonable selling price would be \$15.00. His neighbors said they would pay that price.

To calculate the break-even point, Pat first calculates "contribution," the amount of money from the sale of each pizza that is available to cover the fixed costs:

Selling price per pizza	\$15.00
Total variable cost per pizza	<u>- 6.50</u>
<b>Contribution per pizza</b>	<b>\$8.50</b>

Then, the contribution is converted to a “contribution margin” by dividing the contribution by the selling price:

Contribution per pizza	\$8.50	divided by
Selling price per pizza	<u>15.00</u>	
<b>Contribution margin</b>	<b>.57</b>	

The amount of sales needed per month to break even is calculated by taking the total fixed costs for the month and dividing by the contribution margin:

Total fixed monthly costs	\$1,815.00	divided by
Contribution margin	<u>.57</u>	
<b>Monthly sales required to break even</b>	<b>\$3,184.00</b>	

Then Pat calculates the number of pizzas he must sell each month to break even, by taking the monthly sales required to break even and dividing by the selling price per pizza:

Monthly sales required to break even	\$3,184.00	divided by
Selling price per pizza	<u>\$15.00</u>	
<b>Monthly pizzas to sell to break even</b>	<b>212</b>	

212 is the number of pizzas Pat must sell every month, at \$15 per pizza, to break even — to cover the fixed and variable costs. Pat’s business isn’t profitable until he sells his 213<sup>th</sup> pizza each month, and that’s assuming that he has accurately estimated all his costs.

To convert to a daily sales target, let’s assume Pat is open six days a week for four weeks every month, or 24 days in a month:

Monthly pizzas to sell to break even	212	divided by
Days of pizza-selling	<u>24</u>	
<b>Daily pizzas to sell to break even</b>	<b>9</b>	

Is it reasonable to expect to sell nine pizzas every day? And what happens if they’re all ordered at the same time of day? Will Pat need to hire an assistant? Will he need to buy a bigger pizza oven? If so, that changes the costs and another break-even analysis is needed.

\* \* \* \* \* Notes \* \* \* \* \*

