

# Starting Your Business: Priority Checklist

Your guide to what you **must do** versus what's **nice to have** when launching your business.



## Must Have: Non-Negotiable Requirements

These are the legal requirements or essential foundations. Skip these and you risk fines, shutdowns, or serious financial trouble.

### Choose and Register Your Business Structure

**Why it's required:** This determines your legal protections, tax obligations, and how you operate.

**What to do:**

- Choose between: Sole proprietorship, LLC, S-Corp, or C-Corp
- File business formation documents with your state
- Keep your personal and business finances completely separate

**How Paychex helps:** Through our partnership with MyCorporation, we make it fast and easy to incorporate your business or form an LLC online with no attorney needed. We handle the paperwork, so you can protect your assets and get started quickly. [Learn more.](#)

### Get Your Tax ID Numbers

**Why it's required:** Your tax ID numbers are needed to pay taxes, hire employees, open business bank accounts, and apply for licenses.

**What to do:**

- Apply for your federal Employer Identification Number (EIN) through the IRS
- Register for a state tax ID if required in your state

**How Paychex helps:** We can help you apply for the federal and state employer tax ID numbers required for opening a business bank account, building a credit profile, hiring employees, and starting payroll. [Learn more.](#)

### Obtain All Required Licenses and Permits

**Why it's required:** Operating without proper licenses can result in heavy fines, forced closure, or even arrest in extreme cases.

**What to do:**

- Research requirements at federal, state, county, *and* city levels
- Get your general business license
- Obtain any industry-specific permits (health, fire, professional, etc.)
- Get zoning approval (especially for home businesses)
- **Set calendar reminders for all renewal dates**

**How Paychex helps:** Through MyCorporation, we can help identify the license requirements that apply to your specific business and provide you with the exact application forms and instructions for where to send them. [Learn more.](#)

## Get Business Insurance

**Why it's required:** Most commercial leases and client contracts require proof of insurance before you can do business. This is also required by law if you have employees.

### What insurances to get:

- **General liability** (\$1 million coverage is the standard requirement)
- **Workers' compensation** (required by law in most states if you have employees)
- **Professional liability/E&O** (if you provide services or advice)
- Get insurance *before* signing leases or client contracts

**How Paychex helps:** No matter the size of your business, Paychex can help you find comprehensive coverage — from general liability policies to workers' compensation insurance. Our licensed agents can help you select the right coverage from our many top-tier national carriers. [Learn more.](#)

## Open a Dedicated Business Bank Account

**Why it's required:** To keep your personal liability protection intact and make filing taxes infinitely easier. Banks won't open business accounts without proper documentation.

### What to do:

- Gather your EIN, business license, and formation documents
- Compare banks for fees and small business features
- **Never** mix personal and business money

**How Paychex helps:** Once you have your EIN and business structure in place, a business bank account is essential. We ensure your payroll integrates seamlessly with your banking so tracking expenses and handling taxes stays simple. [Learn more.](#)

## Set Up Payroll and Tax Systems

**Why it's required:** If you pay yourself or have employees, you must handle payroll taxes correctly. Mistakes can lead to IRS penalties and back taxes with interest.

### What to do:

- Set up payroll for yourself and any employees
- Understand quarterly estimated tax payments (due 4x per year)
- Track income and expenses from day one
- Withhold and remit payroll taxes properly

**How Paychex helps:** We help take the stress out of payroll and taxes so you can focus on your business. Our solutions handle payroll processing, automatic tax filing and payments, and help you stay compliant from day one. Pay your people in minutes through our simple online software, while we handle the complicated tax stuff. [Learn more.](#)

## Stay Legally Compliant (Ongoing)

**Why it's required:** Compliance isn't one-and-done. Missing annual reports or license renewals can dissolve your business or result in heavy penalties.

### What to do:

- File annual reports with your state
- Renew all licenses and permits on time
- Keep up with changing employment and tax laws
- Maintain required business records

**How Paychex helps:** Our Paychex Flex® platform and HR Library help you stay informed and manage ever-changing federal and state compliance requirements. We keep you up to date with changing laws and regulations so you can avoid penalties. [Learn more.](#)



## Nice to Have: Growth & Efficiency Boosters

These aren't legally required at launch, but they make your business run smoother and position you for growth.

### Create a Written Business Plan

**Why it helps:** This action forces you to think through your strategy and financials. Required if seeking loans or investors.

**What to do:**

- Define your target market and competition
- Determine project startup costs and revenue
- Outline your marketing and operations strategy

**How Paychex helps:** Starting a business is challenging, but we make it easier with startup services including planning resources, guides, and free tools to help you assess your risk and choose the right business entity. [Learn more.](#)



### Build Your Brand Identity

**Why it helps:** Professional branding builds trust and makes you memorable to customers.

**What to do:**

- Design a logo
- Create a professional website
- Set up a business email (not Gmail/Yahoo)
- Claim social media handles
- Register your domain name

**How Paychex helps:** We offer solutions to help you market your business effectively. From payment processing that looks professional to integrated systems that give your business legitimacy, we help you present a polished image to customers. [Learn more.](#)

### Secure Funding for Growth

**Why it helps:** Having capital gives you runway to invest in marketing, hire help, or power through slow periods.

**What to do:**

- Explore small business loans (including SBA loans)
- Consider invoice factoring for immediate cash flow
- Look into grants for your industry
- Build business credit

**How Paychex helps:** Need access to capital? Our Small Business Loan Center connects you with over 1,000 lenders to find the right loan options. We also offer Paychex Funding Solutions for quick access to capital through invoice factoring — available to any business, not just Paychex payroll clients. [Learn more.](#)



## The Bottom Line

Focus on the “**Must Haves**” first — these keep you legal and protected. Once those foundations are solid, add the “**Nice to Haves**” to make your business run smoother and grow faster.

The most common mistake? Thinking something is “nice to have” when it’s actually required. When in doubt, treat it as required — better safe than facing penalties later.



## Quick Reference: What’s Required When?

### **Before you open your doors:**

- Business structure and registration
- EIN
- Business bank account
- Required licenses and permits
- General liability insurance (usually required for leases)

### **Before you hire your first employee:**

- Workers’ compensation insurance
- Payroll system
- Employment policies

### **Ongoing requirements:**

- Quarterly estimated taxes
- License renewals
- Tax filings



## Ready to simplify your startup journey?

Paychex provides the tools, support, and expertise to handle the complicated stuff like payroll, taxes, HR, insurance, and compliance — so you can focus on what you do best: *building your business.*