

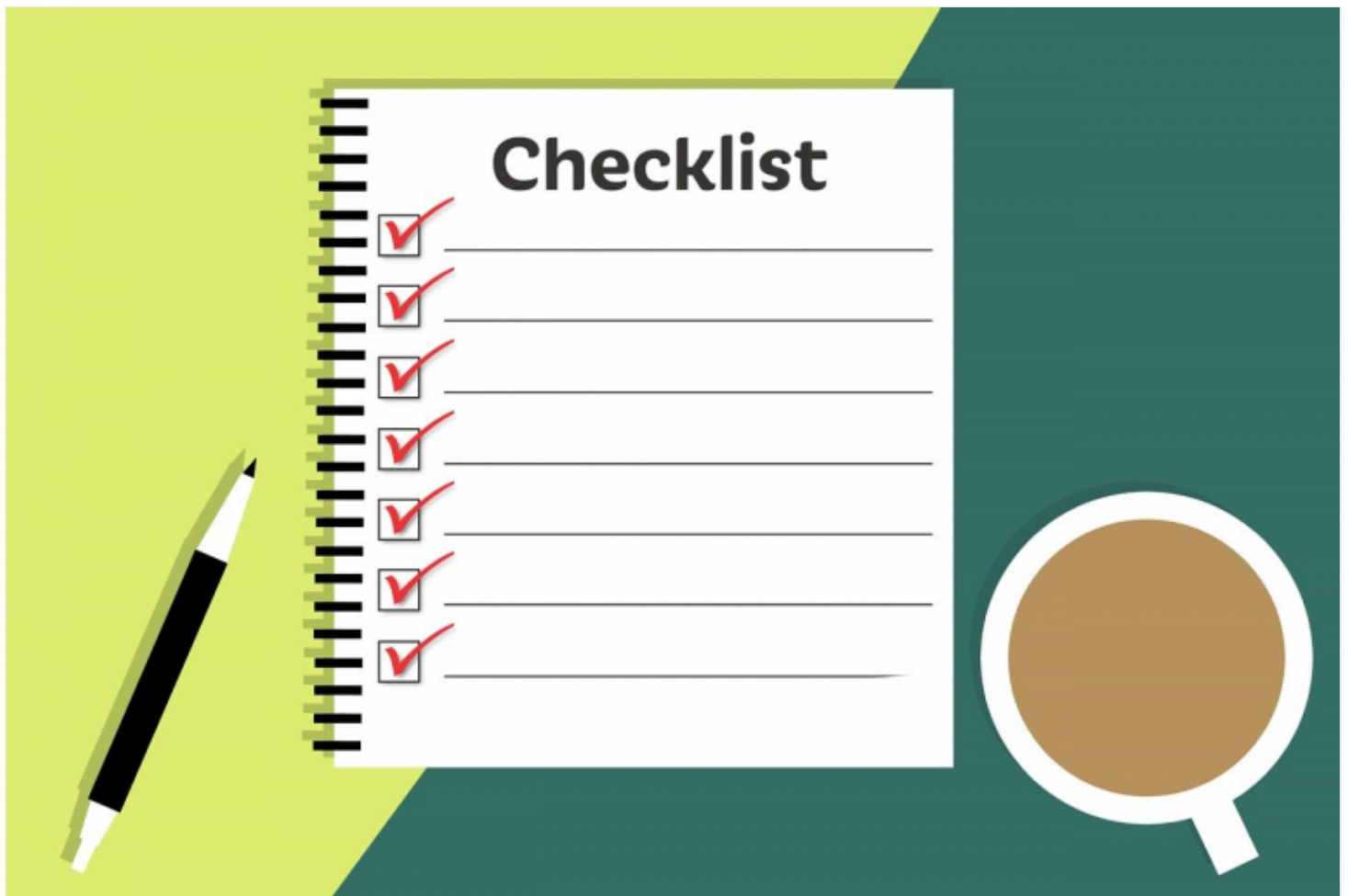
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SMALL BUSINESS

A 2021 Year-End Checklist for Your Small Business Clients

Nellie Akalp • Oct. 07, 2021



Now that it's officially in the 4th quarter of 2021, your clients will likely seek your advice about what needs to be accomplished before year-end. Accounting tasks aside, you can help guide them to wrap up their businesses' compliance and legal

responsibilities. The following is a handy checklist to ensure your clients end 2021 in good standing and ready for 2022.

Business Licenses and Permits

Year-end is a good time for your clients to check their required licenses and permits that may need to be renewed:

- Renew licenses and permits required for the business by the state.
 - Sales Tax Licenses/Reseller Permits. Business clients selling products and services subject to sales taxes must receive a sales tax license from the state tax authority office in every state they sell in. Wholesalers do not collect sales taxes; however, they must retain a reseller license (resale certificate). Renewal periods vary by state.
- Renew licenses and permits required for the business by the city.
 - City business license (fees are determined by location, type of business, and number of employees)
 - Zoning permit
 - Security alarm permit
 - Parking lot permit
 - Health department license
 - Daycare license
 - Entertainment license
 - Accounting license
 - Barber Shop license
 - Environmental permits
 - Sidewalk café permit
- Does your client's business sell services/products regulated by a federal agency? The following are the industries that require federal licenses, permits, and certifications.
 - Agriculture
 - Alcoholic beverages (Also regulated by your state's Alcohol Beverage Control (ABC) department)
 - Aviation
 - Firearms, ammunition, and explosives
 - Fish and wildlife
 - Commercial fisheries
 - Maritime transportation
 - Mining and drilling

- Nuclear energy
- Radio and television broadcasting
- Transportation and logistics
- Renew specialty licenses and permits required for professional businesses. An annual inspection or test may be required. Businesses include:
 - Contractors
 - Plumbers
 - Accountants
 - Beauty salons
 - Attorneys
 - Daycare operators

Intellectual Properties

Have your clients created any intellectual properties that need to be protected from potential theft by competitors? Or will they be producing intellectual properties in 2022? You can advise them by giving them the lowdown on patents, copyrights, and trademarks.

- **Patents** give inventors (or companies employing inventors) exclusive rights to an invention for a predetermined period. Patents are not renewable, and once the period has ended, the invention is in the public domain.
- **Copyrights** give authors of original works (literary, dramatic, musical, artistic, etc.) protection from infringement. Protection lasts the author's lifetime, plus 70 years.
- **Trademarks** protect the owners from infringement of words, phrases, symbols, and designs (or any combination). Businesses can trademark company names, logos, fabric designs, apparel designs, and more. Trademarks distinguish and identify the origin of a product or service.

Unlike patents and copyrights, your clients can easily lose their registered trademarks. Once your client's trademark has been approved and they've obtained a registration number from the U.S. Patent and Trademark Office ([USPTO](#)), the trademark must be used in commerce "consistently and in a high-quality manner."

Then, five to six years after registration, your client must file a "Declaration of Use (or Excusable Nonuse)" and an "Application for Renewal" and pay a renewal fee. Ownership then must be renewed every ten years. If for some reason, another business can show proof the trademark owner has not used the trademark

consistently in commerce or has committed an illegal act, such as fraud, the trademark can be revoked.

Corporate Compliance

Annual compliance requirements vary by state and by business structure. Here are some reminders to note:

- Check with the Secretary of State's office if a Statement of Information or Annual Report is required annually for corporations and Limited Liability Companies (LLCs).
- Corporations and LLCs must also file an Articles of Amendment documenting any changes to the company's business address, board members, business name, business purpose, stock offerings, etc.
- Corporations must hold and record an annual board meeting and record corporate minutes documenting who attended, any discussions, and resolutions.
- Lapses in compliance may necessitate reinstating the business into Good Standing with the Secretary of State.
- Clients expanding to other states must file for foreign qualification in the states in which:
 - The company maintains a physical presence in the state. Any office space, warehouse, or retail store counts as a physical presence.
 - The company's owners or employees conduct regular in-person meetings
 - The business is a formal entity such as an LLC, corporation, or limited partnership (LP)
 - The business has employees living and working in the state
- A corporation conducting business in another state must employ a registered agent living in that state to accept service of process on behalf of the company.
- Any corporation, LLC, sole proprietorship, or partnership conducting business under another or different name than what is registered with the state must apply for a DBA in the state it operates the business. A DBA or "Doing Business As" filing reveals the true owner of a company to the public.
- If the client changes ownership or business structure, they may need to apply for a new Federal Tax ID number or Employer Identification Number (EIN) with the IRS.

Closing a Business

Unfortunately, you may have clients who want to close their businesses before year-end or at the beginning of the new year. If that's the case, it's crucial they officially

close the business, or they could still be liable for the company's activities and financial agreements.

- Sole proprietorships can close after paying off any debts and notifying vendors and customers.
- Partnerships, corporations, and LLCs must follow the dissolution process defined in the company's operating or partnership agreements.
- Corporations need two-thirds consent from the shareholders with voting shares.
- LLCs must follow the rules for closure legislated in their states.
- Corporations and LLCs file "Certificate of Termination/Certificate of Dissolution" or "Articles of Dissolution" with the state the business is closing.
- Companies with businesses in other states must cancel all registrations and permits in those states.
- Closing a business requires filing taxes and checking the "final return" box on any tax forms.
- Corporations must file Form 966, Corporate Dissolution or Liquidation

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Nellie Akalp is a passionate entrepreneur, business expert, and mother of four. She is the CEO of [CorpNet.com](https://corpnet.com), a trusted resource and service provider for business incorporation, LLC filings, and corporate compliance services in all 50 states. Nellie and her team recently launched a partner program for accountants, lawyers, and business professionals to help them streamline the business incorporation and compliance process for their clients.

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