



New Jersey Small Business Manual

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Office of Innovation
State of New Jersey

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Dear Friends,

The New Jersey Small Business Manual explores the basics for planning, launching, operating, and growing your business in New Jersey. Set in motion by legislation and developed through a collaborative partnership between several state departments and business community stakeholders, this manual is a free resource available to the statewide business community. The Small Business Manual is designed to provide support for small business owners and entrepreneurs in one accessible and easy-to-navigate publication. Our goal is simple: to empower you, the lifeblood of our local communities, with the tools and knowledge necessary to thrive in the competitive world of business.

In this manual, you will find information, guidance, and resources tailored to support the diverse needs of small businesses. From information about writing a business plan to business registration, from licensing to expanding to export, the Small Business Manual provides an overview of the obligations, options, and opportunities that are all traditional elements of small business ownership. We are dedicated to your success, and this how-to guide is one of the many steps we are taking to ensure that success.

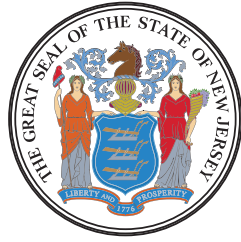
As you review the information in the manual, you may have additional questions or require assistance. The New Jersey Business Action Center (NJBAC), a division of the Department of State, is always available to help. Assistance, available in both English and Spanish, is free, confidential, and available five days a week from 8:00 a.m. to 5:00 p.m. You're invited to call 1-800-JERSEY-7 to connect with a business advocate. Also, if you have access to a computer, you can reach the business advocates on a live chat on business.nj.gov. Many resources, including this downloadable manual, can be found on that website.

Establishing, maintaining, and expanding a small business is a sizable undertaking, often fueled by passion, vision, and determination. We know just how much hard work goes into owning and operating a small business. Every day, the collective effort of nearly 1 million small businesses contributes to the economic vitality and prosperity of our state; we extend our sincerest appreciation to you and the entire small business community for being such a vital component in the ongoing work to create a stronger, fairer New Jersey. Together, we will continue to nurture and grow the statewide small business landscape and create a brighter future for all.

Our very best,


Governor Murphy


Lt. Governor Way



The mission of the New Jersey Business Action Center is to provide exceptional technical assistance, customer service, resources and information as advocates and mentors for New Jersey businesses of all sizes, categories, and ethnicities. NJBAC envisions a flourishing business community, in which all stakeholders – entrepreneurs, business owners, business leaders, exporters, municipalities, state agencies, elected officials, and organizations – are able to access the vital resources that ultimately strengthen every aspect of doing business in New Jersey.

Convening a multitude of technical and supportive services offered through a variety of distinct offices, NJBAC is a division that brings the business community the answers and resources needed to help businesses grow and thrive. All NJBAC consulting and assistance services are provided confidentially and free of charge. Each office provides helpful materials and educational resources in addition to responding to inquiries as they arise from thousands of New Jersey businesses each year.

Office of Business Advocacy

The Office of Business Advocacy (OBA) provides support and guidance for businesses of all sizes, at every stage of the process. From site selection to expansion, from resource referrals to procurement assistance, OBA staff are committed to helping entrepreneurs and business owners quickly access efficient and relevant solutions across all industries.

Office of Export Promotion

The Office of Export Promotion (OEP) provides essential guidance and resources for businesses looking to start or expand their goods and services export offerings. Whether businesses are new to export or looking to grow their existing international sales, OEP staff supply educational opportunities and resources for about export compliance and procedure as well as assistance with developing an export plan. This office is a Small Business Administration (SBA) partner, collaborating at the state level for the New Jersey State Trade Expansion Program (NJSTEP).

Office of Small Business Advocacy

The Office of Small Business (OSBA) provides real time assistance for business owners seeking information about registration and document amendments, certifications, and other business operations. Support is provided through the helpline, 1-800-JERSEY-7, and a live chat housed on www.business.nj.gov.

Office of State Planning

The Office of State Planning (OSP) provides planning opportunities and programs, certification, and regional planning best practices for municipalities and stakeholders connected to or affected by municipal planning. The coordination of statewide planning balances guiding future growth into compact, mixed-use development and redevelopment while taking into account environmental planning.

Cannabis Training Academy

The Cannabis Training Academy (CTA) provides technical assistance and mentoring services for establishing a cannabis business. Course materials align with the licensing process through a step-by-step modules that coordinate to each application areas.

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INTRODUCTION

Introduction to Starting and Growing a New Jersey Business

This New Jersey Small Business Manual is your written source for learning about how to plan, start, operate, and grow your business in the State. Knowing exactly what your business needs to do to start can be difficult. This manual will give you an overview of how to register, hire, fund, and conduct other activities necessary to start and maintain your business in New Jersey.

Many of the forms and applications detailed in this publication can be expedited online. You may wish to visit a local library for assistance in completing any online forms or applications. If you have any questions or concerns regarding security best practices online, please contact the Business Action Center at 1-800-JERSEY-7.

This publication is intended to serve as a general guide and reference, and it should not be considered as an official or legally binding document. Please note that the information in this publication is subject to change due to legal, regulatory, or procedural developments.

If you have any questions that are not answered in this manual or require further guidance, please contact the New Jersey Business Action Center (NJBAC) at 1-800-JERSEY-7.

Para obtener más información en español, llame a nuestro expertos en negocios al 1-800-JERSEY-7 o visite Business.NJ.gov.



ESTABLISHING A BUSINESS

PLAN

Write Your Business Plan

Writing a business plan is the first step to take as a prospective business owner that allows you to craft your game plan, hone your product, understand your customer base, and guide your decision-making.

You should consider writing a business plan before registering your business or seeking financing. Many business owners think it's better to get started as fast as possible, but businesses with plans grow faster and are more successful.

The structure of a business plan may vary depending on your business and needs, but it often incorporates the sections below.

1. **Executive Summary**
2. **Introduction**
3. **Business Description**
4. **Marketing**
5. **Sales**
6. **Operational Requirements**
7. **Financial Management**
8. **Appendix or Supporting Documents**



Organizations that Can Help with Your Business Plan

The Federal government and the State of New Jersey offer additional services that can help you write a business plan.

These include:

- The U.S. Small Business Administration (1-800-827-5722)
- New Jersey Small Business Development Centers (973-353-1927)
- SCORE small business services (1-800-634-0245)
- Women's Center for Entrepreneurship (Northern New Jersey) (973-507-9700)
- Latin American Economic Development Association (Southern New Jersey) (856-338-1177)
- Union County Economic Development Corporation (908-527-1166)

Finance Your Business

Whether you're looking for startup capital or considering a business loan to finance the expansion of your business, opportunities are available through various non-profits, investors, and corporations.

Get Financing from Alternative Lenders: Non-profit and community lenders are examples of alternative lenders. These can include community development finance institutions (CDFIs) and some credit unions. Be wary of predatory loans, such as short-term small business loans at extremely high interest rates.

Finance with a Bank Loan: Bank loans are one of the most traditional ways to finance a business.

Use Lending Organizations: Lending organizations, such as the Economic Development Authority (EDA) (1-844-965-1125) or the U.S. Small Business Administration Lending Partners (1-800-827-5722), may be helpful for those businesses that do not qualify for more traditional (bank) lending.

Finance with Investors: Your investors might be people you know, such as friends, relatives, and colleagues or venture capital. If you receive money from friends or family, it's always a good idea to have the terms in writing to avoid future challenges or legal issues. If the money is a gift and not a loan, keep in mind that you may need to report and pay a gift tax to the IRS.

Use Peer-to-Peer Lending/Crowdfunding: Peer-to-peer lending, also known as crowdfunding, is an alternative funding model in which individual investors provide small sums as personal loans to individuals via Internet platforms.

Decide if You Will Be a Reseller

A reseller is a business that chooses to sell items or services sold by another company. If you plan to resell goods or services, present a completed Resale Certificate form (see Appendix) to the seller to give you tax-exemption, so you are not responsible for paying sales tax. You do not need to mail this form to the State. The business selling goods or services to the end buyer is responsible for collecting and filing the sales tax. You will be asked about this when you register for taxes.

Determine Your NAICS Code

Determine your 6-digit NAICS code to complete your New Jersey tax registration. This code identifies your business's primary activities.

New Jersey uses a code system known as the North American Industry Classification System (NAICS).

Find Your NAICS Code

To find your NAICS code, contact the Census Bureau at 1-888-756-2427. This information is used for data and analysis purposes by State and Federal governments, and does not directly impact your business. Save your 6-digit NAICS code so you can reference it later.

Select Your Business Structure

Choose a Business Structure

The business structure (also known as legal structure) you choose should suit the type of services or products you will provide. Consider your options to find the best fit for your business. Each type has implications for your taxes, personal liability, partnerships, and registration requirements. The list below is not meant to be an exhaustive list of business structures, and is also not meant to act as legal or tax advice, but can serve as a starting point for your research.

Depending on their needs, many business owners also consult with an attorney. Some business structures are easier to set up than others. For instance, forming a sole proprietorship does not require you to file any formation documents (although tax registration is still required), while for entities such as corporations and Limited Liability Companies, you will need to formally incorporate your company with the State. You may find more information by contacting the US Small Business Administration (1-800-827-5722). You may also contact the IRS at 1-844-545-5640 for more information or to locate the closest Taxpayer Assistance Center to you.



- **Sole Proprietorship** is the most basic type of business to establish. You alone own the company and are responsible for its assets and liabilities
- **General Partnership** is two or more people sharing ownership of a single business. The partners manage the business and are responsible for all debts and obligations of the business. The details of this agreement should be written out formally to define the roles of each partner, including what would happen if the business fails
- **Limited Liability Company (LLC)** is a hybrid between a corporation and a partnership. Similar to a C-Corporation, business owners in an LLC are not responsible for the debt of the company. In other words, they have limited liability. However, unlike a corporation, the business does not file separate taxes. Instead, each partner (called a member) includes their profits on their personal tax return
- **C-Corporation (C-Corp)** is more complex than other business types and is generally suggested for larger, established companies with multiple employees. It is a separate entity from those who own it, meaning it can be taxed (or sued) independently from its owners. In a C-Corp, the owners are called shareholders. They elect a board of directors to oversee major policies and decisions and appoint officers who carry out the daily operations of the business
- **S-Corporation (S-Corp)** is similar to a C-Corporation except the business is not taxed separately from the owners. S-Corps are also very similar to Limited Liability Companies (LLCs), but with more limitations. The owners, called shareholders, avoid the double taxation of a C-Corp, but the business is limited to 100 shareholders and has only one class of stock
- **Nonprofits** are a type of C-corp. Unlike for-profits, they have a mission to benefit the public rather than generating profit. This might include religious, charitable, educational, scientific, or social welfare causes. Because a nonprofit organization serves the public good it can qualify for tax-exempt status with the IRS
- **Limited Partnership (LP) and Limited Liability Partnership (LLP)** Limited Partnerships have both limited and general partners. The general partners own and operate the business, while the limited partners invest in the business but have limited liability and thus limited input in its management. Limited liability partnerships are similar to an LP, but in an LLP even the general partners have limited liability – e.g., they are not responsible for the malpractice of the other partners. These business types are not usually used for retail or service businesses
- **B-Corporation (Benefit Corporation or B-Corp)** is a business structure in the United States set up to both benefit society and generate money for its shareholders. Directors are required to consider the impact of their decisions on shareholders as well as workers, the community, and the environment. Shareholders in a benefit corporation determine if the company has achieved a material positive impact, which the organization defines beforehand

Visit the IRS website (www.irs.gov) or contact the Business Action Center at 1-800-JERSEY-7 for more information on business structures.

REGISTER

Check Available Names and Form Your Business

Search Available Business Names Based on Business Structure

Your business name is the name you will use to represent your business.

If you are an LLC, C-Corp, S-Corp, LP, or LLP, you should check if your business name is available with the New Jersey Department of Treasury by calling 609-292-6748. If your name is available, you will reserve your name when you submit your business formation documents. You will need your business Certificate of Formation to officially register your business name.

If you are a sole proprietor or a general partnership, and you do not want to use your personal name as your business name, you can register a business name at the local county clerk's office.

Form Your Business

By forming your business with the State using the Public Records Filing form (see Appendix), you are establishing the business structure for your business.

Only an LLC, C-Corp, S-Corp, LP, or LLP needs to form a business entity with the New Jersey Department of Treasury's Division of Revenue and Enterprise Services (DORES). Your business formation will determine the income tax forms needed to file taxes for your business. Failure to officially form your business will create difficulties in filing taxes, which may result in additional penalties and fees.

Before forming your business, make sure to have:

- Your business name
- Identified your business structure
- Obtained your EIN
- A description of your business
- A business address
- A registered agent (A person or company able to receive legal documents on behalf of your business. This can be the business owner or someone else, but they need to have a New Jersey address.)

After you form your business, you will obtain a Certificate of Formation or Certificate of Authority which will display your Entity ID. An Entity ID is a 10-digit number used to identify your corporate business records. Your corporate records are public and kept separate from your tax records, which are confidential.

Get Your EIN from the IRS

An Employee Identification Number (EIN) is a 9-digit unique identifier for your business, much like a Social Security Number (SSN) is a unique number assigned to an individual. It does not expire and once it has been assigned it is never issued again.

All businesses should obtain an EIN. You will need an EIN to pay employees, file business tax returns, open a business bank account, or obtain a loan. Failure to obtain an EIN may block your business from filing taxes appropriately, which can result in additional fees and penalties.

To obtain an EIN, you will need:

- A principal officer for the business (this is the individual responsible for the business)
- The taxpayer identification for the principal officer (SSN, Individual Taxpayer Identification Number (ITIN), or EIN)

Out-of-State Businesses can use the same EIN they registered with in their home state.

You may apply for your EIN online at the IRS website (www.irs.gov) or by fax or mail:



Apply by Fax

Taxpayers can fax the completed Form SS-4 application (see Appendix) to the appropriate fax number (see below), after ensuring that the Form SS-4 contains all of the required information. If it is determined that the entity needs a new EIN, one will be assigned using the appropriate procedures for the entity type. If the taxpayer's fax number is provided, a fax will be sent back with the EIN within four (4) business days.

Apply by Mail

The processing timeframe for an EIN application received by mail is four weeks. Ensure that the Form SS-4 (see Appendix) contains all of the required information. If it is determined that the entity needs a new EIN, one will be assigned using the appropriate procedures for the entity type and mailed to the taxpayer. (more info on next page)

Location:	Mail or Fax Form SS-4 to:
Principal business, office or agency, or legal residence in the case of an individual, is located in one of the 50 states or the District of Columbia	Internal Revenue Service Attn: EIN Operation Cincinnati, OH 45999 Fax: 855-641-6935
If you have no legal residence, principal place of business, or principal office or agency in any state:	Internal Revenue Service Attn: EIN International Operation Cincinnati, OH 45999 Fax: 855-215-1627 (within the U.S.) Fax: 304-707-9471 (outside the U.S.)

You may also contact the IRS at 1-844-545-5640 for more information or to locate the closest Taxpayer Assistance Center to you (also available at apps.irs.gov/app/office-locator).

Register Your Business for State Taxes and Employer Purposes

As a New Jersey business owner, you need to register for taxes to understand your financial responsibilities and be in good standing with the State.

There is more to New Jersey business taxes than just income tax. Part of your business will be to collect sales and use tax on goods and services, as well as payroll and employer taxes.

Register for Tax Purposes/Business Registration Certificate

If you are doing business in New Jersey, you must register for tax purposes by completing the NJ-REG form (see Appendix) with the New Jersey Division of Revenue and Enterprise Services (DORES). Failure to register for taxes will delay your ability to pay taxes owed to the State and can result in penalties and fees in addition to the amount of taxes owed.



When you complete the NJ-REG form, you will be prompted to identify the taxes your business will be required to collect and/or pay.

Although there are several types of taxes, the most common types are based on:

- **Income Tax:** These are taxes collected on your business's net income and profits
- **Sales and Use Tax:** These are taxes paid for the sale of taxable goods and services
- **Payroll Taxes and Wage Withholding:** These are taxes held on your payroll (if you have employees)

To complete the NJ-REG form, you will need:

- Your business Entity ID (If you're a corporation, LLC, LLP, or LP. An EIN is a 10-digit unique identifier used for your non-tax records)
- Your business EIN (this is a 9-digit unique identifier provided to you by the federal government for your business)
- Your NAICS code (this is an 8-digit number used to classify your business industry in the United States)
- Your NJ business code (this is a 4-digit number used to classify your business in the state of New Jersey)

Once you complete your registration, you will receive a registration confirmation with your New Jersey Tax ID number and a Business Registration Certificate (BRC). Your New Jersey Tax ID number will be the same as your EIN plus a 3-digit suffix and is used for state tax purposes. Your BRC will include a control number used only to verify that your certificate is current. You must display this document in your place of business. If you completed your application online, you will be issued a printable BRC immediately with a paper form being mailed to you in a few weeks.

After registering, the State of New Jersey will use your address on file to mail you additional information required for ongoing compliance with New Jersey State taxes.

Understand How to File Income Tax

Income tax is assessed on the net profits (gross revenue minus expenses and costs) earned by your business in New Jersey for the year.

In general, your State income tax return is due on the same date as your federal tax return. That said, you may have to make payments more regularly than annually. The frequency at which you file or pay taxes will be unique to your business structure and industry.

Collect Sales and Use Tax from Customers

Your business (e.g., a retailer, certain service providers, restaurants, etc.) should collect Sales Tax from customers when you sell a taxable good or service.

If your business sells taxable products or services, you must indicate that you will be collecting Sales Tax on your registration form NJ-REG. You will be required to collect Sales Tax on sales of taxable services performed in the State and/or taxable goods delivered to a New Jersey location. Visit www.nj.gov/treasury/taxation or call 609-292-6400 for more information.

Some examples of taxable items are: Automobiles, furniture, carpeting, and meals bought in restaurants.

Some examples of taxable services are: Lawn maintenance, auto repair, snow removal, and telecommunications

Use Tax is owed by New Jersey businesses that buy taxable products out of state, online, or via mail, and then bring the products to New Jersey or have them shipped here for use in this State.

If you identified that you will be collecting sales tax on your NJ-REG form, you will receive a Certificate of Authority to Collect Sales Tax from the State. This document must be displayed at your business location.

Payment Schedule

You must file a New Jersey Sales and Use Tax Quarterly Return with Form ST-50 (see Appendix) every three months even if no tax was collected during that particular quarter (note: If you had no sales during the quarter, simply file the return with all zeros).

Some businesses will be required to make monthly payments for the first two months of the quarter (Form ST-51) (see Appendix) if the business:

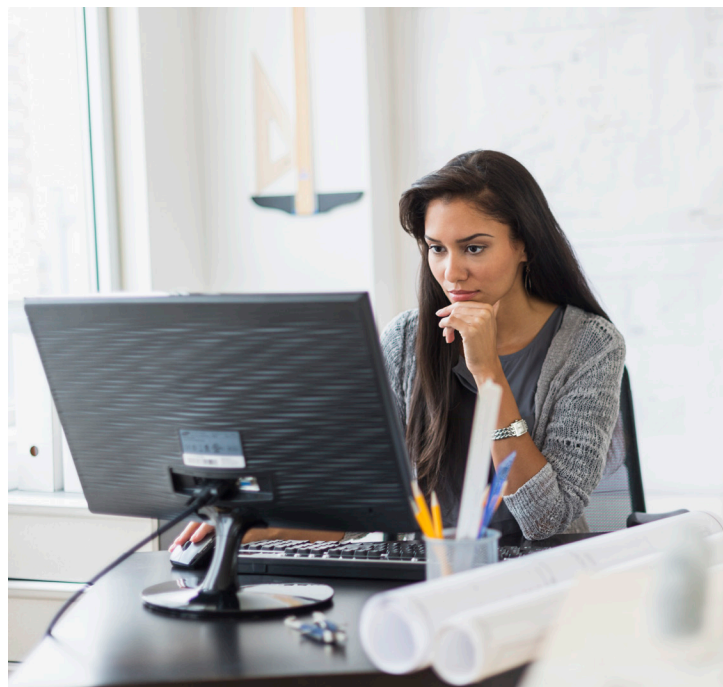
- Collected more than \$30,000 in Sales and Use Tax in New Jersey during the prior calendar year; and
- Collected more than \$500 in the first and/or second month of the current calendar quarter

You can file the quarterly return and make payments online at www.nj.gov/treasury/taxation/sales-use-filing.shtml. Failure to file the return and pay the tax by the due date (on or before the 20th day of the month after the end of the filing period) may result in the assessment of interest and/or penalty.

Exemption Certificates

Under New Jersey law, some items are exempt from sales and use tax regardless of who buys them or how they are used (e.g., most clothing, food, food ingredients, and prescription drugs). Purchases of these items don't require an exemption certificate.

There are, however, items that are exempt from tax only under certain conditions. The New Jersey Division of Taxation issues exemption certificates that allow qualified individuals and businesses to purchase taxable merchandise and services without paying Sales Tax. Each certificate has a specific purpose. You should use the one that applies to your purchase.



Resale Certificate

If your business will purchase items for resale or purchase items to incorporate into an item for resale, you will need to complete and provide the Resale Certificate to your suppliers. Resale Certificates allow your business to purchase items for resale without paying Sales Tax. Sales Tax should only be collected when the items are sold at retail. Registered businesses can obtain the Resale Certificate online with the New Jersey Division of Taxation (www.nj.gov/treasury/taxation).

Some of the Resale Certificates you might use are:

- Form ST-3: Used for in-state suppliers
- Form ST-3NR: Used for out-of-state suppliers
- Form ST-4: Used for tax exemption on production machinery and packaging supplies

Understand Employer Tax and Reporting Requirements

When you hire an employee, you need to register to pay employer and payroll taxes, among other forms and filings. Learn more about the requirements for new hires in the Hiring Employees section of this publication. The determination of employee versus independent contractor status is particularly difficult in certain situations, so it is important to know the law and regulations as the consequences of not knowing can be significant. Information on how to classify your employee, if you are unclear about their status, can be found on the NJ Division of Labor's website (www.nj.gov/labor/ea).

AFTER REGISTERING

Open Your Business Bank Account

A business bank account separates your business finances from your personal expenses. This helps you keep accurate and organized accounting records for tax purposes and business operations.

Some banks may request other documentation in addition to what is listed below. Compare and confirm document requirements, services, and fees.

Business Bank Account Requirements:

- Employer Identification Number (EIN)
- Certificate of Formation
- Business Registration Certificate

Get an Insurance Policy

Insurance will protect your business assets should you be held liable for an incident.

To find an insurance broker, speak to your network, local Chamber of Commerce, or supplier. Often, the best way to find a broker is through word of mouth.



Common Types of Business Insurance

- **Commercial general liability insurance:** Research coverage and pricing options for your industry and business size. Specific liability insurance may be required for business owners who have physical locations
- **Workers' compensation insurance:** Find a workers' comp insurance plan if you have employees. The State of New Jersey requires that you obtain this insurance if you have employees or stockholders in a corporation
- **Professional liability insurance:** Protect your business from liability if you offer professional advice or medical services
- **Motor vehicle insurance:** If your company will own or use any vehicles, consider purchasing motor vehicle insurance

Leasing and Real Estate

Leasing tips

Signing a lease is a large decision to make for your business, and you need to consider factors such as lease length, potential site improvements, and any special construction or zoning permits.

Incorporate Site Improvements into Your Lease

Few spaces are “turnkey ready” for your business – most businesses will require some changes and customization to help them realize their vision. Depending on the space and the market, you may be able to negotiate Tenant Improvements (or TIs) with your landlord. Tenant Improvements can take the form of an allowance to help make improvements to the space, free rent, or the landlord may agree to make the changes themselves.

Commercial spaces are required to be accessible to people with disabilities (ADA compliant). Depending on the specific site and your renovation plans, you may need to make accessibility upgrades from widening aisles to changing bathroom fixtures. Ask your landlord if the space is ADA compliant and discuss who will be responsible for any costs that are associated with accessibility upgrades and/or litigation should a lawsuit be filed. You may also consider having a Certified Access Specialist (CAS) inspect the property and identify what changes are necessary to make the property ADA compliant.



Negotiate Lease Length and Other Terms

If you’re planning to make renovations, serve alcohol, or conduct other activities that require a license or permit, keep in mind that there may be delays that are out of your control. Try to build flexibility into your lease in case it takes longer than you thought it would to start bringing in paying customers.

There are no standard rules for the length of a commercial lease – they can range anywhere from month-to-month to ten years and beyond. What’s right for your business will depend on many factors, but you should consider factors such as how much rent can increase each year, what happens if your landlord decides to sell the property, or a neighboring anchor tenant leaves. If you need to close or move your business, consider your options to sublet the space, transfer the lease to a new business owner, or terminate the lease.

Commercial Real Estate Transactions

Acquiring commercial real estate in New Jersey involves a series of steps that require careful planning, research, and professional assistance. Here's a general guide to help you through the process:

1. Define your objectives, including investment goals and the type of commercial property you want to acquire (e.g., office space, retail, industrial, etc.)
2. Set a budget, considering closing expenses, due diligence, and potential renovations
3. Obtain financing
4. Assemble a team of professionals (e.g., commercial real estate broker, a real estate attorney, and potentially a property inspector and appraiser)
5. Search for properties
6. Conduct due diligence
7. Negotiate the purchase
8. Sign a purchase agreement
9. Complete financing and contingencies
10. Conduct title search and obtain title insurance
11. Closing
12. Post-closing

Remember that the process of acquiring commercial real estate can be complex, and regulations may vary depending on the location and property type. It's important to seek guidance from experienced professionals throughout the entire process to ensure a successful acquisition.



BEFORE OPENING

Search Licenses

General License information

Many industries require a license – there are over 80 licensing boards that oversee licensing for businesses in New Jersey. There are over 600 licenses or certifications available. For example, you need an acupuncturist license to offer services as an acupuncturist or an auto body repair license to open an auto body repair facility.

Visit the Licensing & Certification Guide at business.nj.gov/licensing-and-certification-guide or contact the Business Action Center (1-800-JERSEY-7) for more information on how to obtain the appropriate license(s) for your business.

Marketing

Research Your Business' Target Market

Research is the first crucial part of creating a marketing plan. Identify not only your target markets but also the characteristics of what your ideal customer types would be. Once you understand your market, you can then focus your marketing messages to attract and engage customers.

For help researching your area and working with your local Small Business Development Center regional office, call the Business Action Center at 1-800-JERSEY-7.

Market Your Business

Think about how you can measure the impact of your advertising so you can identify which methods work best for you and your customer base, such as a website or social media. The New Jersey Small Business Development Centers (njsbdc.com) can also help you get your business online – reach out to them for more information.



MAINTENANCE

Taxes and Annual Report

Businesses have filing obligations for Federal, Municipal and State-level taxes, as well as a requirement to submit an annual report.

File Your Annual Report

Every business in NJ must file an annual report with the New Jersey Division of Revenue and Enterprise Services. This includes simply ensuring that your registered agent and address are up to date, and submitting a \$75 filing fee.

The report is due every year on the last day of the month, in the month in which you completed your business formation (LLC, Corporation, etc). The responsibility to file falls on the business, even if you fail to receive any notification from the State. Failure to file can result in the revocation of your business.

File for State of New Jersey Taxes

Your New Jersey deadlines will depend on your business structure, if you collect sales tax, or if you have employees. There are three main types of taxes your business may need to file:

Income Tax: Taxes collected on your business's net income and profits

Sales and Use Tax: Taxes paid for the sale of taxable goods and services

Payroll Taxes and Wage Withholding: Taxes held on your payroll (if you have employees)

Specialty Taxes: Taxes unique to certain services or industries

For information needed to register your business with the New Jersey Division of Taxation, call the Tax Hotline at 609-292-6400 or New Jersey's Automated Tax Information System at 1-800-323-4400.

Income Tax

Sole proprietorships, general partnerships, and single-member LLCs will file their business taxes with their personal taxes.

Multi-member LLCs need to file information on their partners' gross-income tax.

C-Corp Businesses Filing Taxes

The State's tax rate is 9% based upon the entire net income or the portion of the entire net income allocated to New Jersey.

Taxes for multi-state corporations are apportioned using a three-factor formula of sales, property, and payroll. In New Jersey, this apportionment is weighted at 50:25:25. New Jersey allows corporations to carry forward losses from prior years. New Jersey has research and development credits capped at 50% of tax liability.

Visit the New Jersey Division of Taxations website for the most updated information on New Jersey's corporate tax rates and for the State's tax calendar: <https://www.nj.gov/treasury/taxation>.

Understand Sales Tax

If selling taxable items or services in New Jersey, businesses are required to collect and remit a sales tax to the State. The sales tax rate is 6.625%. Reduced taxes (50% of the regular rate) may apply to transactions taking place within an Urban Enterprise Zone (UEZ) and involving a certified UEZ Business. Learn more about the New Jersey Sales and Use Tax and find the current rates by calling the Tax Hotline at 609-292-6400 or New Jersey's Automated Tax Information System at 1-800-323-4400.

Filings

You must file a New Jersey Sales and Use Tax Quarterly Return with Form ST-50 (see Appendix) every 3 months even if no tax was collected during that particular quarter (note: If you had no sales during the quarter, simply file the return with all zeros).

Some businesses will be required to make monthly payments for the first 2 months of the quarter (Form ST-51 – see Appendix). This applies to you if your business:

- Collected more than \$30,000 in Sales and Use Tax in New Jersey during the prior calendar year; and
- Collected more than \$500 in the first and/or second month of the current calendar quarter

You can file the quarterly return and make payments online. Failure to file the return and pay the tax by the due date (on or before the 20th day of the month after the end of the filing period) may result in the assessment of interest and/or penalty.



Exemptions

Certain production machinery and most packaging supplies are exempt from sales tax because of their intended use.

For more information, call the Tax Hotline at 609-292-6400 or New Jersey's Automated Tax Information System at 1-800-323-4400.

Withhold Wage and Payroll Taxes

If you have an employee that is a resident subject to New Jersey taxes, you need to pay payroll and wage withholding taxes. This is true even if your business is out of state.

For more information, call the Tax Hotline at 609-292-6400 or New Jersey's Automated Tax Information System at 1-800-323-4400.

File Specialty Taxes

There are other unique taxes you may qualify for; you should have identified these when you registered for State taxes. Examples include:

- Admissions surcharge
- Cigarette tax
- Litter control fee
- Tobacco and vapor product tax
- Occupancy tax for hotels and motels

Using Premier Business Services for Tax Services

Premier Business Services (PBS) provides online access to your tax records, and lets you make tax payments, request tax clearance certificates, and register as an Urban Enterprise Zone business. You can also give employees, payroll companies, or tax professionals limited access to PBS on your behalf. Access PBS by visiting www16.state.nj.us/NJ_PREMIER_EBIZ/jsp/home.jsp

New Jersey State Audits, Disagreements About Determinations or Bills

The New Jersey Taxpayers' Bill of Rights ensures you have the right to access information about your taxes, including details about your tax situation, how your liability is determined, any notices from the Division of Taxation, and your rights and responsibilities as a taxpayer.

File Federal Taxes

Key dates and deadlines with the US Internal Revenue Service (IRS) will depend on your business type, how your business is structured, and whether you have any employees.

For more information about your Federal tax responsibilities, visit the IRS website (www.irs.gov). You may also contact the IRS at 1-844-545-5640 for more information or to locate the closest Taxpayer Assistance Center to you (also available at apps.irs.gov/app/office-locator).

File City, Town, and County Taxes

Typically, cities or towns do not charge business taxes directly. Revenues for the city or town come from property taxes, which a business owner may be responsible for paying based on the property you own or lease within the municipality.

There may be fees associated with owning a business within a municipality, including fire protection or mercantile licenses. When planning, you should do your due diligence to identify local ordinances that may apply to your business. Contact your Municipal Clerk for additional information.

Payment In Lieu of Taxes/Long-Term Property Tax Abatement

Property tax abatement reduces or removes tax payments for a specified period of time. The abatement is discussed in advance and requires the town to authorize it. This abatement is provided through annual Payments in Lieu of Taxes (PILOT).

Contact the Business Action Center (1-800-JERSEY-7) for more information about this opportunity.



Maintain Business Records for Tax Purposes

Though your specific business may require that you keep additional records, at a minimum, you will need to keep:

- State and Federal tax returns
- Requests for credit to vendors
- Loan requests to banks
- Balance sheets (a record of assets, liabilities, and capital)
- Income Statement (a summary of your earnings and expenses over a period of time)

A qualified accountant can advise you on taxes and the health of your business.

You may also need the following documents:

- Business Registration Certificate (useful if you are looking into public contracting)
- Standing Certificates (may be helpful to confirm corporate status)

Contact the Business Action Center (1-800-JERSEY-7) for more information on obtaining these documents.

Understand Employer Requirements

Make sure you're meeting State labor laws and creating a safe work environment for your employees. This is one of your most important responsibilities as an employer.

Understand Proper Worker Classification

Business owners who employ workers need to indicate if they are employees or independent contractors.

Understand Wage and Hour Compliance

The New Jersey Division of Wage and Hour Compliance enforces New Jersey State wage and hour laws regarding minimum wage, earned sick leave, methods of wage payment, child labor, and more.

Minimum Wage & Overtime Wage Rate

The New Jersey State Wage and Hour Law establishes a minimum wage rate and overtime rate for all workers. The law requires the payment of time and one half per hour for actual hours worked more than 40 hours, with certain exemptions.

Other Laws and Regulations to Consider

- Fringe benefits (benefits package)
- Unpaid or withheld wages
- Child labor
- Construction Industry Independent Contractor Act
- Mandatory overtime restrictions (only applies to healthcare workers)
- Farm labor
- Industrial homework
- Sheltered workshop
- Required posters
- Health and safety requirements (Occupational Safety and Health)



Understand Insurance Requirements for Employees

Ensure that you are in compliance with legislation and/or recommendations regarding the provision of insurance for employees, including, Family Leave Insurance, Temporary Disability Insurance, Unemployment Insurance, Workers' Compensation, Health or Life Insurance, Continuation of coverage (COBRA), and other Insurance (liability insurance, temporary disability, fire, flood, automobile liability, automobile physical damage and collision, etc.)

For more information, visit www.business.nj.gov/pages/employer-requirements or contact the Business Action Center at 1-800-JERSEY-7.

Provide Wage Compliance for Public Contracting

Contact the Business Action Center (1-800-JERSEY-7) for more information on public contracting and State Building Service Contracts.

What Leave Benefits Must New Jersey Employers Provide?

Most employers must take part in two public insurance programs and deduct payroll taxes for employees working in New Jersey, or provide a private insurance plan.

Temporary Disability Insurance and Family Leave Insurance provide cash benefits to employees to care for themselves or loved ones.

How Are Benefits Paid For?

Temporary Disability Insurance: New Jersey workers and employers contribute to the cost of the program. The contribution rate for employers varies from 0.10% to 0.75%.

Family Leave Insurance: Financed 100% by worker payroll deductions. Employers do not contribute to the program. Apply for (Additional) Licenses

There are over 80 licensing boards that oversee licensing for businesses in New Jersey. There are over 600 licenses or certifications available. It may benefit you and your business to acquire additional licenses or certifications after you have formed your business.

Visit the Licensing & Certification Guide at business.nj.gov/licensing-and-certification-guide or contact the Business Action Center (1-800-JERSEY-7) for more information on licenses and certifications.

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Market Your Business

You will need to continue to market your business in order to remain competitive.

See the section titled Marketing under Before Opening for tips on marketing your business.

Hiring Employees

Hiring employees in New Jersey requires just a few steps. For instance, you'll need to verify their eligibility to work as well as register to pay employer and payroll taxes.

Avoid Discrimination During the Job Application Process

Once you've started interviewing candidates for your available jobs, keep in mind that it is illegal to discriminate based on age, sexual orientation, marital status, religious affiliation, or race. For more information, contact the U.S. Equal Employment Opportunity Commission at 1-800-669-4000, 1-800-669-6820 (TTY for Deaf/Hard of Hearing callers only), 1-844-234-5122 (ASL Video Phone for Deaf/Hard of Hearing callers only), or info@eeoc.gov.

Ensure You Have Verified Your Employee's Eligibility to Work

As an employer, you are required to verify an employee's citizenship and eligibility to work in the United

States using the Employment Eligibility Verification Form I-9 (see Appendix), also known as the Immigration Service Form). Your employees will need to complete and sign Section I of this form on or before their first day of work, and provide you with documentation to verify their identity and employment authorization for you to complete Section II. This form does not need to be mailed in, but you'll need to be prepared to show it upon request. Keep all of your employees' I-9s on file for three years after they've been hired, or one year after the employee left, whichever is later.

Obtain W-4 for New Employees

You will need a signed Withholding Release Form (W-4) from all of your employees on or before their first day of work so that you can withhold the correct amount of federal income taxes from their paychecks. On the W-4, they should indicate the allowances they are claiming for tax purposes. If the number of allowances changes for the following tax year, ask employees to fill out a new W-4 form. For more information, visit the IRS website (www.irs.gov)

Pay Required State Payroll Taxes

Be sure to register as an employer with the State of New Jersey Division of Revenue and Enterprise Services. Registering as an employer means that you will need to start paying State payroll taxes, including unemployment Insurance Tax State Disability Insurance, and other withholdings.

After you have registered for your State Employment Identification Number, you should receive information about how to pay your payroll taxes. Typically, you will need to pay payroll taxes each quarter.

For more information, refer to the section of this publication entitled "Register Your Business for State Taxes and Employer Purposes."

File your Required W-2 with the Social Security Administration Monthly

Use Form W-2 (the Federal Wage and Tax Statement) to report wages paid and taxes withheld for each of your employees for the prior calendar year.

You should send a copy of the Form W-2 to each of your employees by January 31st of each year and send Copy-A of the W-2 to the Social Security Administration by the last day of February. For more information, contact the Social Security Administration at 1-800-772-6270.

Find State Resources for Hiring Employees

Businesses can receive help recruiting talent and diversifying their applicant search from the New Jersey Department of Labor and Workforce Development's (NJDOLE) website: <https://www.nj.gov/labor/employer-services>.

EXPANDING A BUSINESS

Update Your Business Plan

As a living document, your business plan will likely require revisions as your business changes and grows. Revisit your business plan using the guidance from the “Write Your Business Plan” section of this publication.

Exporting Globally

If you’re a New Jersey company looking to do business globally, you can find resources in New Jersey to help your business grow.

Learn the basics of exporting online at www.usa.gov/small-business or download/print the Basic Guide to Exporting from the U.S. Department of Commerce at legacy.trade.gov/Guide_To_Exporting.pdf. You may also call 1-800-JERSEY-7 and ask for the NJBAC Office of Export Promotion for assistance.

Finance Your Business for Expansion

Whether you’re looking for startup capital or considering a loan to finance the expansion of your business, a variety of opportunities are available, including:

- Grants
- Loans
- Tax exemptions
- Technical assistance
- Hiring and employee training

Visit www.business.nj.gov/funding or contact the Business Action Center (1-800-JERSEY-7) for more information about these opportunities.



APPENDIX

Retain a copy of any completed forms for your records.

Please note that the forms listed in this publication are subject to change due to legal, regulatory, or procedural developments.

You may wish to visit a local library for assistance in completing any online forms or applications. If you have any questions or concerns regarding security best practices online, please contact the Business Action Center at 1-800-JERSEY-7.

Resale Certificate Form

https://www.nj.gov/treasury/taxation/pdf/other_forms/sales/st3.pdf

Application for EIN

<https://www.irs.gov/pub/irs-pdf/fss4.pdf>

NJ-REG form

<https://www.nj.gov/treasury/revenue/pdf/2000.pdf>

Public Records Filing

<https://www.nj.gov/treasury/revenue/pdf/2000.pdf>

Sales and Use Tax Quarterly Return

https://www.nj.gov/treasury/taxation/pdf/other_forms/st-50-en17.pdf

Sales and Use Tax Monthly

https://www.nj.gov/treasury/taxation/pdf/other_forms/sales/ezfile.pdf

I-9

<https://www.uscis.gov/sites/default/files/document/forms/i-9.pdf>

