

7 Steps to Starting a Business

- | | |
|-----------------------------------------------------------|-----------------------------------------------------------------------|
| <input type="checkbox"/> 1. Research and Plan | <input type="checkbox"/> 5. Obtain Tax Id numbers (Federal and State) |
| <input type="checkbox"/> 2. Funding | <input type="checkbox"/> 6. Obtain permits or certifications |
| <input type="checkbox"/> 3. Entity Type and Business Name | <input type="checkbox"/> 7. Maintaining your business |
| <input type="checkbox"/> 4. Register your business | |

1. Research and Plan

Conduct Market Research

Conducting market research will help you find customers for your business and make your business unique. You should gather demographic information to better understand opportunities and limitations for gaining customers based on the following: demand for your product, location of your business, potential competitors, and pricing.

Make a Business Plan

Creating a business plan will help avoid common future problems. Your business plan will be a guide for you to start, maintain, and grow your business. By applying the research you conducted to your business plan you should be able to analyze and anticipate the potential issues and difficulties that may arise during the startup and operation of your business.

Resources for writing your business plan

- <http://businessportal.nm.gov/plan/make-a-business-plan/>
- <https://www.sba.gov/business-guide/plan-your-business/write-your-business-plan>

Seek Professional Advice

It is recommended that you consult private legal, financial and accounting professionals for specific advice related to your particular situation before starting your business.

2. Funding

Secure funding

It costs money to start a business so funding should be one of the first and most important financial steps business owners make. You will need to determine how much funding you will require. Once you know how much startup funding you will require you will need to figure out how to get it: self-funding, investors, loans, or a combination of the three.

The U.S. Small Business Administration provides a detailed guide and other references for funding your business and obtaining the startup funding you will require. <https://www.sba.gov/business-guide/plan-your-business/fund-your-business>

3. Entity Type and Business Name

Choosing an Entity Type

The entity type you choose will effect how your business is taxed, your ability to obtain financing, the transfer of assets and ownership interests, how you manage and run your business and your personal liability. You should consult legal advise and financial advice for guidance on determining which entity type is best for you. Depending on the entity type you choose you may be required to register your business with the Office of the Secretary of State; see below.

- **Entities Requiring Registration:** Profit Corporations, Professional Corporations and Associations, Non-profit Corporations, Limited Liability Companies (LLC).
- **Entity that May Register:** General Partnerships, Limited Liability Partnerships (LLP) and Limited Liability Limited Partnerships (LLLP) are not required to register with the Secretary of State, however they may register if they wish to.
- **Entity Not Requiring Registration:** Sole proprietorships

Choosing a Business Name

All entities must comply to the statutory name requirements to include the appropriate name ending. You should review any statutory requirements and restrictions when choosing your business name. The name you choose cannot be the same as or similar to a business name that is already registered with the Office of the Secretary of State. You can conduct a preliminary search of your business name through our online web portal (<https://portal.sos.state.nm.us/BFS/online/CorporationBusinessSearch>). Please note: The business search is only a preliminary search and not intended to serve as a formal name availability search which is completed by the Secretary of State upon submission of your filing or reserving a business name.

Additional Resources

<http://businessportal.nm.gov/plan/choose-a-name-or-trademark/choose-your-business-or-trademark-name/>

<https://www.sba.gov/business-guide/launch-your-business/choose-your-business-name>

4. Register Your Business

Registering your business with the Secretary of State

Limited Liability Companies must be submitted online through our web portal. All other entity types have PDF forms that must be filled out, printed, and then submitted to our office via mail, courier, or hand delivered. Forms available for registering your business are all accessible through the Secretary of State website <https://www.sos.state.nm.us/business-services/start-a-business/>.

*In some instances businesses operate under a name other than the business' legal name, such as a Doing Business As (DBA) or **Fictitious name**. In New Mexico, DBA names are filed through the county clerks' office where the business is located. Please refer to your specific county for more information.

****Please Note:** If you are already incorporated in an another state and are needing information regarding registering foreign entities please see our *Guide to Registering your Foreign Entity*.

Entity Type	Filing Fees	Form
Limited Liability Company (LLC)	\$50.00	https://portal.sos.state.nm.us/BFS/online
General Partnership	\$50.00	https://www.sos.state.nm.us/business-services/start-a-business/partnership/
Limited Liability Partnership (LLP)	\$100.00	https://www.sos.state.nm.us/business-services/start-a-business/partnership/
Limited Liability Limited Partnership (LLP)	\$100.00	https://www.sos.state.nm.us/business-services/start-a-business/partnership/
Profit Corporation	\$100.00 for the first 100,000 shares plus \$1.00 for every additional 1,000 shares	https://www.sos.state.nm.us/business-services/start-a-business/domestic-nm-profit-corporation/
Professional Corporation or Association	\$100.00 for the first 100,000 shares plus \$1.00 for every additional 1,000 shares	https://www.sos.state.nm.us/business-services/start-a-business/domestic-nm-profit-corporation/
Nonprofit Corporation	\$25.00	https://www.sos.state.nm.us/business-services/start-a-business/domestic-nm-non-profit-corporation/
Cooperative Association	\$80.00	https://www.sos.state.nm.us/business-services/start-a-business/domestic-nm-cooperative-associations/

5. Obtain Tax ID Numbers

Federal Tax ID Number (EIN)

A Federal Tax ID Number known as an Employer Identification Number (EIN), is used to identify a business entity. Generally businesses are required to obtain an EIN. You must apply for this through the Internal Revenue Service (IRS) online. More information may be obtained at <https://www.irs.gov/businesses/small-businesses-self-employed/employer-id-numbers>

State Tax ID Number (CRS)

Anyone who engages in business in New Mexico must register with the Taxation and Revenue Department. Some exceptions are made if your business is exempt from gross receipts, withholding, or compensating by state law. After registering you will receive a New Mexico tax identification number known as a CRS Identification Number. This number is used to report and pay state and local gross receipts tax, New Mexico withholding tax and compensating tax under the Combined Reporting System (CRS). You may apply for your CRS number at [https://tap.state.nm.us/tap/ /](https://tap.state.nm.us/tap/)

More information is available at <http://www.tax.newmexico.gov/Businesses/who-must-register-a-business-.aspx>

6. Obtain Permits or Certifications

Local Licenses and Permits

Some New Mexico municipalities and counties require business to register or obtain business licenses. Depending on the county you may be able to register online or mail in a form. To determine the requirements for your business select the appropriate link and choose your county or municipality. You may need to call your county for more information.

New Mexico Municipal League <https://nmml.org/new-mexico-municipal-websites/>

New Mexico County Agencies http://www.newmexico.gov/government/County_Agencies.aspx

State Licenses and Permits

New Mexico requires businesses conducting certain regulated activities to obtain licenses or certifications. These include liquor licenses, professional licenses, environmental licenses or permits, financial industry professional licenses, and construction licenses. Depending on the type of business you are conducting you may need to apply for one of these licenses or permits through the New Mexico Regulation & Licensing Department or a specific New Mexico Board. Below are some links with additional information

Boards and Commissions http://www.rld.state.nm.us/boards/Get_Licensed.aspx

License and Permitting http://www.rld.state.nm.us/Apply_for_a_License_or_Permit.aspx

New Mexico Regulation & Licensing Department <http://www.rld.state.nm.us/default.aspx>

General Information <http://businessportal.nm.gov/start/obtain-licenses-and-permits/state-license-and-permits/>

7. Maintaining Your Business

Now that you have successfully registered your business and obtained all the necessary permits, licenses, and ID numbers, you have to be sure to stay in compliance with each agency with which you have registered. It is your responsibility to meet the obligations each agency has in place for your specific business, such as but not limited to, license renewals, reports, and tax return filings.

Maintaining your Secretary of State Registration

With the Office of the Secretary of State you will have to file an initial report within 30 days of registering a Corporation or Association, whether it be profit, professional, or nonprofit and in some cases cooperatives. You will receive a letter indicating if you are required to file a report and when it is due. This report will allow you to provide additional information for the business; addresses, email addresses, phone numbers, fiscal year end date, etc. This will need to be filed online through the business portal (<https://portal.sos.state.nm.us/BFS/online>). Please see fee schedule below.

Thereafter, profit and professional corporations or associations must file a biennial report every other year on the 15th day of the 4th month following their fiscal year end date. Nonprofit Corporations must file an annual report yearly on the 15th day of the 5th month following the fiscal year end date. Limited Liability Partnerships must file an annual report by June 1st of every year. Each of these reports can be filed online through the business portal (<https://portal.sos.state.nm.us/BFS/online>). Notifications of upcoming reports are sent out to the business via mail and email (if provided). Please see fee schedule below.

<i>Entity Type</i>	<i>Report Type & Fee</i>	<i>Penalty Fee*</i>	<i>Due Date</i>
Profit or Professional Corporation or Association	Initial - \$25.00 Biennial - \$25.00	\$200.00 \$200.00	Initial - 30 days after filing Biennial - 15th day of 4th month
Nonprofit	Initial - \$10.00 Annual - \$10.00	\$10.00 \$10.00	Initial - 30 days after filing Annual - 15th day of 5th month
Cooperative (if required)	Initial - \$10.00 Annual - \$10.00	\$10.00 \$10.00	Initial - 30 days after filing Annual - 15th day of 5th month
Limited Liability Partnership	Annual - \$50.00	Reinstatement \$50.00	Annual - June 1st

**Penalty fees will only be applied if the report is not submitted on or before the due date.*

If you need to make any changes to your entity and you are not required to file reports you may file a business amendment. The forms for each type of amendment can be found at <https://www.sos.state.nm.us/business-services/business-maintenance/>. If you need to make changes you would otherwise make in a report but your report is not due, you can file a supplemental report through the web portal for the same filing fee as your regular report.

If you require additional information or would like to speak with a Business Services Specialist please contact the Business Services Division at 1-800-477-3632 or via email at Business.Services@state.nm.us