

## Sole Proprietorship Fact Sheet

A sole proprietorship is an unincorporated business owned by one person and is created when the entrepreneur (or sole proprietor) begins operating the business. Since a sole proprietorship has no legal identity apart from its owner, the owner is responsible for all debts of the business including loans, leases, contracts, and lawsuits. The income of the sole proprietorship is reported on the owner's personal tax return. A sole proprietorship ends when the entrepreneur stops running the business or at the end of the entrepreneur's life.

Though there are no filing requirements for a sole proprietorship, you may formalize your business by taking the following steps:

### File a Business Certificate with the relevant County Clerk

- A business certificate (also known as a DBA or a Certificate of Assumed Name) allows you to conduct business in a name other than your given legal name.
- The name which appears on the business certificate is referred to as an assumed name, a trade name, or a fictitious name.
- To create a fictitious business name, you must submit a business certificate to the county clerk's office in the county where you intend to do business. The filing fee will vary depending on the county, but the cost ranges from \$100 to \$120.
  - DBA forms can be completed and purchased at stationary stores or online via Blumberg Form 201: [https://www.blumberg.com/invoice.cgi?rm=view\\_cluster;cluster\\_id=1726984](https://www.blumberg.com/invoice.cgi?rm=view_cluster;cluster_id=1726984)
  - A list of county clerk's offices and locations can be found here: <https://www1.nyc.gov/nycbusiness/description/certificate-of-assumed-name--business-certificate>

### Obtain an EIN

- EIN stands for employer identification number. You don't need employees to get an EIN; it's just a number the government uses to identify your business, much like your social security number is used to identify you.
- An EIN will allow you to open business bank accounts and apply for business licenses, among other things.
- How to get an EIN:
  - Apply online (to get EIN immediately): <https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>
  - File IRS Form SS-4 by mail (can take up to two weeks to get an EIN): <https://www.irs.gov/pub/irs-pdf/fss4.pdf>

### Obtain Licenses, Permits, and Zoning Clearances

- You may need to obtain business licenses, permits, or zoning clearances depending on your business activities.
  - New York State and New York City provide licensing wizards to help entrepreneurs identify licenses they may need for their businesses:
    - New York State: <https://www.businessexpress.ny.gov/app/bw/businesswizard>
    - New York City: <https://www1.nyc.gov/nycbusiness/wizard>
- In addition, you may need to secure building permits or zoning clearances for your business. You will need to check with your city and county governments for more information. Within NYC, you can also call 311.

**This resource is provided for informational purposes only and does not cover all of the issues that could arise when setting up a sole proprietorship. For more information, contact an attorney.**