

Starting a Business in Massachusetts: A Guide for New American Entrepreneurs

The New Americans Integration Institute

A Project of the Massachusetts Immigrant and Refugee Advocacy Coalition



With generous support from The Boston Foundation



Introduction

So you want to start a new business in Massachusetts? Congratulations! Whether you were already a business owner in your home country or are starting out here for the first time, you're joining a long tradition of immigrants to the U.S. whose "American Dream" was starting a business. Foreign-born residents in fact start new businesses at twice the rate of native-born residents. Your business can just help you and your family but your whole community. Whether a grocery store, a doctor's office, or a high-tech startup, new businesses can create jobs, improve the local economy, help revitalize underdeveloped neighborhoods, and strengthen the economic and social growth of the entire state.

Of course starting a new business requires a lot of work and commitment and you're sure to run into challenges along the way. For one thing, the rules and regulations for starting and running a business in Massachusetts will be very different from what you were used to in your own country. In addition, U.S. commercial and business culture—



everything from what customers expect to how you deal with your employees—will also be different. As an immigrant you may also face special issues starting a business, depending on your visa status. Finding a lender who will work with you and provide the kind of funding your business needs can also take a lot of thought and effort. And of course each type of business has its own particular problems as well as opportunities!

Fortunately there are many resources available in Massachusetts for business owners who are just starting out that will help you plan, create and finance your new venture. The Massachusetts Immigrant and Refugee Advocacy (MIRA) Coalition has created this guide to give you a basic picture of what the New American entrepreneur will need to open a

business in Massachusetts, and to help you find the best tools, training and financing opportunities to get your business going. This guide also can be useful for community-based organizations or other immigrant or refugee serving groups that want to help their staff or membership access reliable, up-to-date information about starting or maintaining a business.

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CHAPTER 1: GETTING STARTED AND GETTING HELP

Starting a new business in the U.S. can take a long time and a lot of work—and even the most successful business owner needs a lot of advice and assistance along the way. This site will give you a basic picture of what you will need to get your new business going, but it will also help you locate and navigate the wide range of other business development resources and official information sources you will need to plan, finance and establish your business and keep it running successfully. Many of these resources also offer special assistance for immigrants, minorities, women, as well as people in particular kinds of businesses or those facing economic disadvantages.

Each section of this guide will list specific sites or online resources for a particular topic. Here is a listing of sites and organizations that provide general business services including information about starting a business, training and technical assistance, and help accessing financing. All of the sites below represent publically sponsored or nonprofit organizations. Most offer individualized, confidential and free or low-cost services as well as public trainings and workshops.

- [**The Commonwealth of Massachusetts Online Business Portal**](#)
- [**The Massachusetts Small Business Development Center Network \(MSBDC\)**](#)
- [**MSBDC Boston Regional Office & Minority Business Center**](#)
- [**The Small Business Association District Office \(SBA\)**](#)
- [**The Service Core of Retired Executives \(SCORE\)**](#)
- [**The Center for Women and Enterprise**](#)
- [**The Massachusetts Immigrant and Refugee Advocacy Coalition Business Resource Center**](#)

[**The Commonwealth of Massachusetts Online Business Portal**](#) is operated by the state of Massachusetts and offers a one-stop business portal with a wide range of reliable and up-to-date information, tools, and other resources to help business owners start their enterprise and succeed in Massachusetts. It provides online information and links to

information about [Starting a Business](#), [Growing a Business](#), and [Operating a Business](#), as well as more specific guides to [Counseling and Assistance](#); [Market Research](#); [Regulations, Licensing and Permits](#); [Funding and Financing](#); [Tax Rules and Regulations](#); and [Employer Regulations](#).

[The Massachusetts Small Business Development Center Network \(MSBDC\)](#) is a partnership of the U.S. Small Business Administration, the Commonwealth of Massachusetts, and the University of Massachusetts. MSBDC runs a network of [eight sites](#) around the state that provide one-to-one free comprehensive and confidential services focusing on: business growth and strategies, financing and loan assistance as well as strategic, marketing and operational analysis. In addition, it sponsors low cost educational training programs across the state targeted to the needs of small business. MSBDC business advisors also deliver services at [47 outreach centers](#), including chambers of commerce, community development corporations and economic development organizations. Click [here](#) to find the office or outreach center nearest to your town.

[The MSBDC Boston Regional Office & Minority Business Center](#) provides services that focus particularly on the needs of minority business owners, including those who are immigrants. This office can give you free one-on-one and confidential advice on writing a business plan, getting financial assistance, getting registered for business taxes, and getting all the necessary legal permits and licenses to start a business. It also provides training and consultation in Spanish. To find out more about this office and its services click the [link](#) above, call the office at 617-287-7750, or fill out an [online information form](#) to have a staff member contact you (usually within two business days).

[The Small Business Association District Office \(SBA\)](#) in Boston is the state office of the U.S. government's Small Business Administration. This office provides free help and advice on getting loans and financial assistance, advice on starting a new business or expanding a business you already have, and information on how you can get special business help if you are a minority or a woman. The office also sponsors events and workshops at locations

around the state. To find out more information about these and other services click the [link](#) above or call the office at 617-565-5590.

[The Service Core of Retired Executives \(SCORE\)](#) is a nonprofit association dedicated to helping small businesses get off the ground, grow and achieve their goals through education and mentorship. SCORE's work is also supported by the SBA. It can help you find a mentor or an experienced business person to give you advice and answer your questions to get your business started or run it more successfully. It also provides many free or low-cost local and online workshops. SCORE has regional offices in five locations in Massachusetts (in Boston, Cape Cod, Beverly, Worcester, and Springfield) and holds events and workshops around the state. For more information click the [link](#) above or click [here](#) to find a SCORE office near you.

[The Center for Women and Enterprise \(CWE\)](#) is a New England-based nonprofit organization dedicated to helping women start and grow their businesses, with locations in Boston and Worcester. CWE offers online information and webinars, free or low-cost local seminars and classes, networking events, and low-cost consulting services. The CWE website also offers information in [Spanish](#). You can click the link above for more information or call the Boston office at 617-536-0700 or the Worcester office at 508-363-2300.

[The Massachusetts Immigrant and Refugee Advocacy \(MIRA\) Coalition Business Resource Center](#) is hosted by the MIRA Coalition, the largest organization in New England promoting the rights and integration of immigrants and refugees, with an active membership of over 130 organizations, including community-based groups, social service organizations, ethnic associations, schools, refugee resettlement agencies, health centers, hospitals, religious institutions, unions and law firms, as well as thousands of individual members, contributors, and allies. The Business Resource Center offers links to state, local and national resources and information for both immigrant entrepreneurs and financial partners and lenders, including Resources for Immigrant Entrepreneurs, Resources for Financial Partners and Lenders, and Regional and Ethnic/Minority Business Associations

CHAPTER 2: BUSINESS AND IMMIGRATION STATUS

This chapter provides information about the [documentation](#) needed to start your business in the U.S., how your [immigration status](#) may impact your business ownership, what kinds of [language requirements](#) you are likely to face when starting a business, and [visa opportunities](#) for immigrant entrepreneurs and investors who want to establish a business in the U.S..

Documentation Needed to Start a Business

You are not required to be a citizen or a legal permanent resident to start a business in Massachusetts. Even if you are undocumented you can still start a business in the U.S. as long as you pay your business taxes. However, your visa status can have a significant impact on your business plans in many areas, including the type of business you can start or the kind of financing you can obtain. It is a good idea to talk to an **immigration attorney** if you have any questions about being able to legally open a business and any legal restrictions you may have to observe while operating it. Click [here](#) for a listing of legal service providers that offer free or low cost consultation on immigration status issues.

Here is the basic documentation that most business owners in Massachusetts need to have:

1. A **Social Security Number (SSN)** or an **Individual Tax Identification Number (ITIN)**. In the United States, all citizens are issued a **Social Security Number** as a way for the government to identify them and keep track of their taxes. However, it can be difficult for many immigrants to obtain a SSN unless they are eligible for citizenship. Since the U.S. Internal Revenue Service wants undocumented immigrants in the United States who run businesses have to pay taxes, these immigrants are issued an **Individual Tax Identification Number**, or **ITIN**, which is used for tax reporting instead of an SSN. You can obtain an ITIN from the **Internal Revenue Service** no matter what your immigration status is. You can also use it in place of a Social Security Number when you open a bank account or when you apply for certain business licenses. Some banks and other lenders do require, however,

that their customers have a SSN, so make sure you understand the particular lender's requirement before applying for an account or loan. You can find the application for an ITIN on the Internal Revenue website [here](#).

2. **Government Issued Photo Identification.** To open a bank account, apply for a loan, apply for business permits and licenses, lease or buy property, and for a number of other things you will need in starting a business, you are required to have a government-issued photo ID. Many people in the U.S. use a **driver's license** for this purpose. If you are ineligible for a U.S. driver's license, however, you can usually use a personal ID from your own country, such as a **passport** or **consular ID**. You can also use a current **student ID** or a **visa**.*

Note that while an ITIN and a photo ID are usually all you need to obtain the licenses, accounts and properties you will need to start a business, there are some exceptions, especially in regard to some federally regulated goods. In Massachusetts, for example, you have to be a naturalized citizen to obtain a liquor license, and you need to have permanent resident alien or citizenship status to obtain a federal firearms license. The Licenses and Permits section of the guide provides more information on what kind of licenses you need for your business.

Immigration Status and Business Ownership

While there are many undocumented immigrants in Massachusetts who start and run successful businesses, pay their taxes, and contribute to their communities, the process of starting a business may create additional legal risk for someone who is present in the United States without the proper authorization from the United States Customs and Immigration Service (USCIS). It is a good idea to talk to an **immigration attorney** if you have questions or concerns about how your immigration status might affect your business plans. Click [here](#) for a listing of legal service providers that offer free or low cost consultation on immigration status issues.

Language Requirements for Starting a Business

For starting a business in the U.S. as for many other activities, having a good knowledge of English can be important to helping you understand what you need to do, access business resources, and communicate effectively with advisors, lenders and customers who do not speak your language. However, many immigrants who do not speak English well or at all start and run successful businesses, though they often require help from English-speaking assistants in order to understand regulations, arrange licenses and permits, or negotiate loans or other contracts.

There is no requirement that you speak or read English to start a business. Many legal documents are available in foreign languages.

Visa Opportunities for Immigrant Entrepreneurs

The US Customs and Immigration Services (USCIS) sponsors an Entrepreneurs in Residence (EIR), which brings USCIS and private-sector startup expertise together to help provide immigrant entrepreneurs with pathways that are clear, consistent, and aligned with modern business environments. For more information, visit the USCIS website [here](#).

USCIS also administers the Immigrant Investor Program, also known as “EB-5,” created by Congress in 1990 to stimulate the U.S. economy through job creation and capital investment by foreign investors. Under a this program, certain EB-5 visas also are set aside for investors in Regional Centers designated by USCIS based on proposals for promoting economic growth. For more information, visit the USCIS website [here](#).

CHAPTER 3: WRITING A BUSINESS PLAN

Most business advisors will tell you that you can't start a good business without first developing a good **business plan**. A business plan describes what kind of business you want to start and what services it will offer, who your customers will be, why you expect your business to be successful, how much money you expect to earn, and how you expect to manage your business debt, if any. There are many steps involved in starting a new business, so a good plan will also help you keep organized. Especially for first-time business owners, it is also usually necessary to have a business plan to show banks or lenders if you are applying for a loan or other financial assistance. For foreign born entrepreneurs in particular, the business plan is a good place to demonstrate that you understand U.S. commercial markets, federal and state business regulations, and U.S. business culture.

This chapter provide general guidance on how to research and write your business plan. Many of the organizations described in [Chapter 1](#) (Getting Started and Getting Help) can also help you with advice and information about creating a business plan as well as other steps in starting a business. In addition to these resources, the U.S. Small Business Association website provides a guide to writing a business plan [here](#). A variety of commercial websites, including [Bplan.com](#) and [Entrepreneur.com](#), also offer helpful business plan templates and sample plans for many different types of businesses.

Sections of the Business Plan

Before you write your business plan, you should write a **business plan outline**. This shows all the important sections you will need for your plan. Depending on what your business is, your plan might not need all of these sections, or you might need some additional sections (for example, if your business doesn't have a website, you don't need to include "Web Plan Summary" in your plan). Make sure you understand what you need to know for each section before you start writing.

Executive Summary: An executive summary basically restates important information in the rest of your business plan. Even though it always goes first in your plan, you should write this part last. It should say where your business is, what your goals are for your business, and why it will be successful.

Company Description: In a company description, you need to describe what your business does and why it will be successful. You should explain why people will want your products and services, and list the specific consumers, organizations or businesses that you think your business will serve. You should also explain what makes your business distinctive and why you think it can compete effectively with other similar businesses in your area.

Market Analysis: The market analysis section of your business plan should include who will want your service or products and why you will be successful in meeting that need. It should include a description of your customers or consumers, what they need and where they're located, how big of a group they are, and how much money you expect to earn from them. The U.S. Small Business Administration has helpful recommendations for market research [here](#) and *Entrepreneur Magazine* describes some useful free market-research tools [here](#).

Organization and Management: The organization and management section should describe the people who own and run the business and why they are qualified to do it well. You should describe who does what, what their responsibilities are, and what their business and educational backgrounds are. You should also include information about the people on your board of directors (if you have one). You should also include information about what sort of salaries and benefits you will have for your employees. Even if there are just one or two people in your business, you still need to include this section.

Service or product line: The service or product line section describes what your service or product is. You should include why people need it and why your service or product is better than the competition's. You should write how long your product lasts, what sort of research you have done on your product or service or that you are planning to do, and if

you have will need or already have any patents or copyrights.

Marketing and Sales: The marketing and sales section should talk about how you will find customers or clients for your business, and how you will promote your service or product. You should include how you will first get into your market (that is, the people who will be paying for your product or service), how your business will grow in the future, the distributors and retailers that you will get your product from, and how you are going to promote your business (some examples are: through social media on the internet, or through flyers and pamphlets,.) You should also talk about how many sales you expect to make in your business. This section is important because it shows what sort of people are interested in your business and why they will want to pay you money for your product or service.

Web Plan Summary: For e-commerce business, include discussion of your website, development costs, operations, sales and marketing strategies.

Funding Request: Almost all new businesses require outside funding. If you need financial help for your new business, you should include a funding request section in your plan. You should include in this section: how much funding you want now, how much funding you will need over the next five years, and exactly what you will use the funding for (for example, is it for paying off a debt? Buying materials for your business? Or a variety of things?). You should also include how you plan to pay back any loans or debts. It is also important to include information on your past and present financial situation so that your creditors (the people who give you a loan) can see that you handle money responsibly.

Financial Projections: While the funding request section of your business plan describes funds and loans you need to start and maintain your business, the financial projections section shows how much profit you expect to earn in the next five years. For the first year of your business, you should provide projections for every month; after that, you can provide projections for every year or every quarter of a year. It is important to make sure that your projections match your funding requests, so that creditors can see how exactly how the funds would be used.

Appendix: The appendix section of your business plan provides extra information about your business, such as credit history or pictures of your products. You don't need to show your appendix to everyone who reads your plan, but it is a good idea to have this additional information available just in case someone, like a creditor, wants to see some extra information. Appendixes should include: your credit history, copies of resumes of the people on your management team, pictures of products, copies of licenses and permits, legal documents, copies of leases, contracts, and lists of business consultants, such as your accountant and attorney.

CHAPTER 3: REGISTER FOR TAXES

Starting a new business can be a great way to make money, but you don't get to keep it all! The tax system in your home country may be very different from the system in the U.S. In Massachusetts and all other states, all businesses, no matter how big or small they are, have to pay a variety of taxes. These include (but are not limited to) federal and state business taxes. It is very important to make sure you understand what taxes you need to register for before you start your business. Most business owners hire an **accountant** to help them figure out which taxes to pay and how much they owe. You can head to the "Managing Your Finances" section of this website to find out more about hiring an accountant.

Choose your Business Entity Type

It is important to choose a **Business Structure**, or **Entity Type**, before you register for taxes. There are several different types of business entity types. You pay different types of taxes depending on what structure your business has.

Here are three common business entity types for small businesses:

Sole Proprietorship: A sole proprietorship is the simplest type of business entity. It means that only one person owns the business, makes the decisions, pays the expenses, and earns the profits.

Partnership: A partnership is a single business where two people (or sometimes more) share ownership. Each partner contributes to all aspects of the business, including money, property, and work. In return, each partner gets a share in the profits of the business.

Cooperative: A cooperative is a business owned by ALL the people who work there, or by those who use its services. For example, in a worker's cooperative, there might be fifteen people who work at a restaurant, but those fifteen people also would be able to split the restaurant's profits equally. It is different than a partnership because a partnership business can have workers who do not share in the business profits and responsibilities.

You can Click [HERE \(http://www.sba.gov/content/business-structure-and-tax-implications\)](http://www.sba.gov/content/business-structure-and-tax-implications) to read more about the different types of business structures and choose which one is best for you.

File your Business Entity Papers

Once you choose your Business Structure, you need to file Business Entity Papers with the Secretary of the Commonwealth of Massachusetts. Even if you already have had a business somewhere else, you need to file these papers in order to do business in Massachusetts.

You can find out more information and file your papers [HERE](#):

<http://www.sec.state.ma.us/cor/coridx.htm>

Get a Federal Tax Identification number

Almost ALL businesses need a **FIN (Federal Tax Identification Number)**. You will need this number to register for taxes. It is sometimes called a **BIN (Business Identification Number)** or an **EIN (Employer Identification Number)**. The only type of business that doesn't need an FIN is sole proprietorship without employees, and that is only if the owner has a social security number or an ITIN to use instead of an FIN. The FIN is similar to a social security number because it is an identification that makes your business legal and official. <http://www.mass.gov/dor/businesses/current-tax-info/guide-to-employer-tax-obligations/obtaining-identification-numbers.htm>)

You can get an FIN by filing an **SS-4** form with the **Internal Revenue Service (IRS)**. You can get the form online at <http://www.irs.gov/>, or you can call **1-800-829-4933**.

Choose a Fiscal Year or a Tax Year

It is important to choose a **Tax Year** or a **Fiscal Year** in which you plan to pay your business taxes. You use a Tax Year or a Fiscal Year to keep monetary records for your business and to report your income and expenses to the IRS. MOST businesses in the U.S. use a **Tax Year**, which is the same as the normal calendar year (January 1 to December 31). For example, if you operate a sole proprietorship, you and your business must use the same

tax year. If your business is a partnership, the company must use the same tax year as the majority of its owners; again, this is usually a calendar year.

However, you can also choose a **Fiscal Year** in some cases. A Fiscal Year is a period of twelve months that ends on the last day of any month EXCEPT December. Some businesses, such as a restaurant that does most of its business during the summer, prefer a fiscal year because they have more income to report during that season.

To adopt a tax year or a fiscal year, you can fill out this form online:

<http://www.irs.gov/pub/irs-pdf/f1128.pdf>

Get Employee Tax Forms.

If you have employees in your business, they will need to fill out a Form I-9 and a Form W-4. A Form 1-9 must be completed by any employee, citizen or non-citizen, to show that they are legally able to work in the U.S. A form W-4 form tells you how much tax to withhold from an employee's paycheck, which can depend on their marital status and how many children they have to support.

You can find a Form W-4 online HERE: <http://www.irs.gov/pub/irs-pdf/fw4.pdf>

The form 1-9 is online HERE: <http://www.uscis.gov/files/form/i-9.pdf>

Learn about Business Taxes

We aren't done talking about taxes yet! There are four types of taxes that most businesses have to pay annually: Income Tax, Self-Employment Tax, Employment Taxes, and Excise Tax. Which form you fill out to pay the taxes depends on what kind of **structure**, or **entity**, your business has.

Income Tax – All businesses except partnerships must file an annual income tax return. You must pay the tax as you earn or receive income during the year. An employee usually has income tax withheld from his or her pay.

Self-Employment Tax – This is a tax for people who work for themselves. Since most employees have their taxes deducted from their paycheck, self-employed people have to figure out how much taxes to deduct from their own income. HOWEVER, if you qualify as a nonresident alien, you do not have to pay self-employment tax.

Employment Tax – If you hire employees, these taxes are withheld from their paychecks. These taxes include Federal Income Tax, Social Security and Medicare tax. The **Form-W-4** helps you figure out how much to withhold. Resident and non-resident aliens both have to pay these wage taxes.

Excise Tax – In the U.S., businesses have to pay taxes on certain types of things that they sell or do. For example, if you operate any sort of heavy machinery, such as a bulldozer or a large truck, for your business, you will have to pay an excise tax on it. There are also excise taxes for businesses where the customers engage in any sort of wagering, such as lottery cards or pool tables.

You can click [HERE \(http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Business-Taxes\)](http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Business-Taxes) to find more information about the four main different types of business taxes, and to find the forms you need to fill out for each one.

Chapter 4: Get Licenses and Permits

Brace yourself, because you will probably find that the rules for business licenses and permits in the U.S.A are way different than the rules in your home country! You have to get a LOT of licenses and permits before you are legally able to run a business in Massachusetts. Luckily, most of the applications you need can be found online. The hard part is finding out WHICH ones you need! Some licenses and permits are the same for all businesses, while some are different depending specifically on what your business does. Read through this section carefully, and make sure to explore the extra websites as well - not getting the right permits and licenses can earn you a fine!

Register your Business Name

In order to start a business, you need to make sure that no other business has your name, and that you aren't using any other business' name. To do this, you must reserve a name with the **Secretary of the Commonwealth**. You can fill out this **application** (<http://www.sec.state.ma.us/cor/corpweb/cornameres/nameresinf.htm>) online. There is a \$30 filing fee. You must pay another \$30 every sixty days to renew the name reservation. To see if the business name you want is available, you can search **here** (<http://corp.sec.state.ma.us/CorpWeb/NameReservation/SearchNameRes.aspx>)

Get a D.B.A Certificate

Many businesses have to get a business certificate, also known as a **D.B.A** (or “Doing Business As”) , certificate. You need a D.B.A if you are doing business under a different name than your own. You can get a D.B.A. by filing a form with the clerk of the city or town where your business is located. You can find out if you need a D.B.A, and where to get the application, **HERE**:

<https://dls.gateway.dor.state.ma.us/Gateway/Public/WebForms/Directory/CityTownLandIngPage.aspx>

Get a Certificate of Good Standing

A **Certificate of Good Standing** is proof that your business is registered for all of the necessary taxes, and is basically following the rules. You may need to have a Certificate of Good Standing before you can get some licenses for your business, such as a liquor license. You can apply for a certificate **HERE**:

<https://wfb.dor.state.ma.us/webfile/Certificate/Public/WebForms/Welcome.aspx>

Get an Occupational License

In Massachusetts, there is no one state business license that all businesses must have. However, you may need a special occupational license, depending on what type of business you have. Click [HERE](http://www.mass.gov/ocabr/licensee/license-types/) (<http://www.mass.gov/ocabr/licensee/license-types/>) to select your occupation, and find out which **State Board** you need to get the application from. If your business covers more than one occupation, you will need more than one license.

Get Local Licenses and Permits

You might be surprised how many permits you need to open a business in Massachusetts! Which permits you need depends both on what kind of business you have and which city your business is located in. For example, most businesses will need a **Building Permit**, a **Fire Permit**, and an **Occupational Permit**, even if you work out of your own home. You can go to the government website for your city to find the applications for these permits. Here are a few examples of city websites where you can find permits :

Boston: <http://www.cityofboston.gov/business/LP.asp>

Salem: <http://www.cityofsalem.net/business/PermitsAndInspections/Pages/default.aspx>

Worcester: <http://www.worcesterma.gov/e-services/online-permit-center>

Lowell: www.lowellma.gov/depts/dpd/permitting

Springfield: www3.springfield-ma.gov/cos/permits1.0.html

Get Federal Licenses and Permits

You're not done with permits yet! Depending on what kind of business you have, you may need a **Federal License or Permit**. Some business practices are regulated by the federal government, including **Agriculture, Alcoholic Beverages, Aviation, Firearms, Ammunition and Explosives, Fish and Wildlife, Mining and Drilling, Radio and Television Broadcasting, and Transportation and Logistics**. For example, if you have a business related to farming and import or transport certain animals or animal products, you will need a permit from the **U.S. Department of Agriculture (USDA)** (<http://www.aphis.usda.gov/permits/>). It is also important to remember that in Massachusetts you must be a citizen to sell certain items,

including liquor, firearms, and explosives.

Click [HERE \(http://www.sba.gov/content/what-federal-licenses-and-permits-does-your-business-need\)](http://www.sba.gov/content/what-federal-licenses-and-permits-does-your-business-need) to see if your business needs a federal license or permit, and to see where you can find the applications.

Chapter 5: Learn How to Be a Boss

Chances are that you will have some people working for you in your new business. Help and support is a great thing to have, but it is important to first learn about your employees' civil and legal rights in the American workplace. It is also important about your own rights as their employer. This will help prevent legal problems and disagreements among you and your employees, and will make things much easier in the workplace!

Make Sure Your Employees have the Right Forms and Documents

If your employees are not U.S. Citizens, they will need the right documents to legally work for you. One of the documents that all employees need is a **Form 1-9**. This form proves that your employee is legally able to work in the U.S. You must complete a Form 1-9 for each person who works with you, even if they are family. You can download Form 1-9 online here:

<http://www.uscis.gov/portal/site/uscis/menuitem.5af9bb95919f35e66f614176543f6d1a/?vgnextoid=31b3ab0a43b5d010VgnVCM10000048f3d6a1RCRD&vgnnextchannel=db029c7755cb9010VgnVCM10000045f3d6a1RCRD>.

In order to complete Form 1-9, your employees must have certain documents that prove they are able to work in the U.S. Some of the acceptable documents are a **Permanent Resident Card** or **Alien Registration Receipt Card (Form I-551)**, a **Foreign passport that contains a temporary I-551 stamp**, an **Employment Authorization Document (Card)**, or a **Driver's license issued in the U.S.** If your employee is a foreign student, they might also need different documents. You can find more information on what kind of

documents foreign-born employees need here:

<http://www.uscis.gov/portal/site/uscis/menuitem.eb1d4c2a3e5b9ac89243c6a7543f6d1a/?vgnextoid=cd831a48b9a2e210VgnVCM100000082ca60aRCRD&vgnnextchannel=cd831a48b9a2e210VgnVCM100000082ca60aRCRD>)

You can find the forms and documents to download here:

<http://www.uscis.gov/portal/site/uscis/menuitem.eb1d4c2a3e5b9ac89243c6a7543f6d1a/?vgnextoid=db029c7755cb9010VgnVCM10000045f3d6a1RCRD&vgnnextchannel=db029c7755cb9010VgnVCM10000045f3d6a1RCRD>

Get Worker's Compensation Insurance

If you are going to hire employees, you will have to get **Worker's Compensation Insurance**. This is to make sure that if an employee gets sick or injured while working for you, their insurance will cover the cost of their medical bills, and they cannot sue you. **It is the law in Massachusetts that you must get compensation insurance for your employees.** If not, you could be subject to large fines. Even family members working for you need the insurance. You can find more information about Worker's Compensation Insurance HERE (<http://www.mass.gov/lwd/workers-compensation/wc-pubs/employers-guide>) You can get insurance through any insurance agent or broker who handles business insurance.

For more information on getting insurance, you can click HERE:

(<https://www.wcribma.org/mass/>) or call the Workers' Compensation Rating and Inspection Bureau at (617) 439-9030.

Learn about Employee Rights

If you are going to hire employees, you must know about **U.S. employee rights and discrimination laws**. This will help you avoid employee lawsuits and other problems that

can come from legal misunderstandings. Here are some of the basic rights all employees have:

- You cannot refuse to hire an employee based on their gender, race, physical handicaps, immigration status or national origin, as long as they can legally work in the U.S.
- You must allow your employee to choose what legal documents to provide when you fill out their **Form 1-9**. For example, you can't tell your employee to show a U.S. passport or "green card." Look at the **documents** section to learn about which documents are acceptable from employees.
- You cannot fire or fight against your employee if they contact the Office of Special Counsel for Immigration-Related Unfair Employment Practices, Civil Rights Division, or the Equal - Opportunity Commission for assistance or to file a complaint against you.
- You cannot fire or fight against your employee if they complain about discrimination or any sort of civil rights violation
- You cannot fire or fight against your employee if they participate in a legal investigation or lawsuit on behalf of another employee who has a discrimination or civil rights violation issue.

Any employee can take legal action against you if break any of the rules mentioned above, so it is important to understand them before you begin hiring. For more information on employee rights and discrimination, you can click [HERE](#):

<http://www.uscis.gov/portal/site/uscis/menuitem.eb1d4c2a3e5b9ac89243c6a7543f6d1a/?vgnnextoid=5d482d73a2d38210VgnVCM100000082ca60aRCRD&vgnnextchannel=5d482d73a2d38210VgnVCM100000082ca60aRCRD>

Learn about Employer Rights

Bosses have rights, too. Although you can't fire or reprimand your employees based on the legal reasons listed above, it is important to understand when an employee is preventing

your business from being successful and you do have a good reason to fire them. Of course, you should always hear your employee's side of the story and use your best judgment before you decide to fire someone. Here are some main reasons for legally firing an employee:

If they are . . .

1. . . **Incompetent.** If an employee isn't able to do their work, even after you have given them a reasonable chance, it is appropriate to fire them.
2. . . **Violating company policy.** You should always make sure your employees understand the what rules and policies to follow when you hire them. If they break the rules, that is a good reason to fire them, especially if they violate a serious policy such as anti-harassment, discrimination, or confidentiality.
3. . . **Physically violent.** If an employee threatens physical violence and creates an unsafe work environment, you have the right to fire them immediately.
4. . . **Under the influence of drugs or alcohol.** Being under the influence of drugs or alcohol at work is usually a good reason to suspend an employee, or fire them.
5. . . **Committing criminal acts.** If you find out that the employee doing something illegal, such as theft, you have a good reason to fire them.
6. . . **Frequently late or absent.** Everyone misses a day of work sometimes, but if your employee is frequently late or absent from work without a good excuse (for example, a medical condition would be a good excuse; sleeping through their alarm clock isn't,) you have a good reason to fire them.
7. . . **Giving you false information.** If an employee lies about something serious, especially on their employment applications or resume (such as making up a job), firing the employee is justified.
8. . . **Violate another employee's legal rights.** If one of your employees violates the rights of a fellow employee, such by sexually harassing them, it is your responsibility as an employer to fire that person. If you don't, you may be liable for allowing a worker's rights violation to take place.

For additional information on employee and employer's rights, you can click [HERE](http://www.mass.gov/portal/jobs-education/worker-resources/):
<http://www.mass.gov/portal/jobs-education/worker-resources/>.

Chapter 7: Manage Your Money

Starting a new business usually requires a lot of investment at the beginning, with additional investment over the life of the business,, and most people need to take out a loan in order to get their business started. Once the business is up and running, there will also be a lot of work to manage your earnings and expenses. Most business owners hire an accountant to help them with that. This chapter will discuss what you need to do in order to manage your money in all of these areas.

Develop a Credit History

For many new Americans, developing a credit history can be a real issue. Maybe you have never used a credit card before, or past financial problems have left you with a bad credit history. Fortunately, there are some ways to solve these issues, although it might take you several years to develop a new credit history, or improve your old one.

In order to get loans or other types of financial aid for you business, you have to prove that you have a good credit history. Even if you have had bad credit in the past, you should try to improve it for a year or two before applying for a loan. If you have NO credit history, you need to apply for a **credit card**. This isn't as simple as it seems, because to apply for many credit cards you need to first prove that you have a history of good credit! Luckily, there are several ways that even beginners can start building a good credit history.

Open a Bank Account

If you don't have a checking or savings account at a local bank already, **GET ONE NOW**. You will need to have money in a bank account in order to obtain a credit card later on. Bank accounts are very easy to open, and you don't need a lot of money to put in initially. Usually you will only need an ITIN to open an account, although some banks require an SSN, so it is important to look around find one that matches your needs.

Apply for a Credit Card.

You can't build good credit history without a credit card! There are many different types of credit cards with many different fees and rules. It is best to talk to someone at your bank before you apply for a card about which type you qualify for and is best for you. It usually takes at least a couple of years of making your payments on time to build good credit. Here are some examples of types of cards that are available for people who have never had credit cards before.

1. Get One From Your Bank. Sometimes you can easily get a credit card from the bank you have a checking or savings account with. Sometimes, being able to prove that you have been able to keep the required minimum amount of money in your bank account or that you keep putting more money in your account is enough to get approved for a bank credit card.

2. Get a Secured Deposit Card. If you have never had a credit card before, there are several types of cards that are meant for beginners. One option is to apply for a secure credit card, which is a card you have to make a deposit with a bank to obtain. If you can't make a payment, the payment money is taken out of the deposit, so that you can avoid going into debt. A secure credit card usually has a spending limit equal to or less than the deposit. After you prove that you can pay your bills on time, most banks will let you switch over to a regular unsecured credit card, which doesn't require a deposit.

3. Get a credit card at a gas station or department store. If you don't want a secure credit card, another option is get a credit card at a gas station or a department store. You can only use the card at the store you got it from, but if you use it for a while and pay your bills on time, you can earn good enough credit to qualify for a regular credit card.

Credit Card Warning: A credit card can be a great way to pay for something if you don't have all the money for it right away. Instead, you make payments on it every month. However, you need to be careful! If you can't make a payment, your credit card company

will charge you extra on your next payment. It is very easy to go into debt when you have a credit card, and have your bills add up. Even with a credit card, it is important to make sure you don't buy more than you can afford to pay back.

Apply for a Grant or Loan

Since most people don't have the thousands of dollars necessary to start a business, they apply for a loan or grant. When you submit your loan package to a lender, you will need to include a lot of information. Remember that you probably will not be able to apply for a loan until you have been living in the U.S. for two or three years, and have had time to obtain things such as a credit history, a work history, or collateral, such as a house or car. What you need in your loan application varies depending on the lending organization and the nature of the loan, but here are some of the things you will probably need to include:

- **Personal Background:** You will probably be asked to provide some personal background information, including previous addresses, names used, criminal record, educational background, etc.
- **Resume:** Some lenders will need to know about your previous business and work experience.
- **Business Plan:** We already talked about this one! It is especially important to make sure your business plan has a good financial statement when applying for a loan. See chapter 3.
- **Personal Credit Report:** Be sure to submit your credit report. You can get one from a **credit agency**.
- **Income Tax Returns:** Most loan programs will ask you to turn in personal and business income tax returns for the last 3 years.
- **Bank Statements:** Many loan programs require one year of personal and/or business bank statements..
- **Collateral:** Some, but not all loans, require collateral, which proves you will have a way to pay back your loan, even if you don't have the money. Collateral usually consists of valuable personal property, such as your car, house, or cash. It is a

- good idea to prepare a collateral document that describes cost/value of your personal or business property when applying for a loan.
- **Legal Documents:** You might have to turn in some legal documents to qualify for a loan. Some of these legal documents might include your **business licenses** and **registrations, copies of business contracts, and commercial leases.**

Where to Find a Grant or Loan

Luckily, the government (local and federal) wants to encourage small business owners, so there are many different types of grants and loans available. You may have to shop around a bit, but there is a good chance you can find funding for your business if you have a good business plan and good credit. Here are a few examples of where you can go to get a loan:

- **Banks.** Local banks often offer loans with low interest rates and long repayment plans, which can be good, but sometimes they are difficult to get approved for, especially if you have a prior business history. Every bank has different loan requirements, so you should look at a lot of different banks before deciding which loan program is right for you. It is best to start with your personal bank, since they know you and can offer you a lot of advice on what you need to get a loan from a bank.
- **Credit Unions.** A credit union offers most of the same services a bank would, except that it is owned by its members. Since a credit union is a nonprofit organization, they can generally charge less for loans than a traditional bank would. However, since there are still a lot of regulations about credit unions giving out business loans, you might have trouble qualifying for a loan or getting a large enough amount. The rules for loans from credit unions are still changing, though, so it is worth going around to local credit unions and asking if you might qualify for a loan.

- **SBA Loans.** The SBA doesn't give out loans to small businesses, but it works with other banks and lending institutions to find loans for businesses. They have several different types of loan programs. However, you must meet specific requirements to qualify – for example, the **Disaster Assistance Loan Program** gives out money to businesses affected by natural disasters. The **Microloan** program, for example, gives out money to businesses that needs working capital, machinery, equipment, or furniture. You can click [HERE](http://www.sba.gov/content/guaranteed-loan-programs-debt-financing-1) (<http://www.sba.gov/content/guaranteed-loan-programs-debt-financing-1>) to read about the different SBA loan programs and see if your business qualifies.

- **Government Grants.** There are many different types of local and federal grants you can apply for if you are starting a small business in Massachusetts. The advantage is that, unlike a loan, you don't have to give the money back. The downside is that it often isn't much money, and your type of business often needs to meet very specific requirements to qualify. For example, you might qualify for a grant from [Massachusetts Technology Collaborative \(MTC\)](#) if your business has something to do with renewable energy. You can click [HERE](#) to explore a list of grants for small businesses in Massachusetts (<http://www.mass.gov/hed/business/start/initial/>). Sometimes there are government grants available for women or minority entrepreneurs, or people who want to start a business located in a rural community. The **SBA** has a great tool where you can fill in information about your business and find government grants that you might be eligible for: <http://www.sba.gov/content/search-business-loans-grants-and-financing>.

- **Family Members and Friends.** If you know someone with enough money to help you out, going to a family member or friend can be one of the best ways to find a start-up loan for you small business. The advantage of going to a family member or friend is that they probably won't need to see a credit history or work history before they give you a loan. However, there are some things to

consider. Unless they specifically tell you the money they are lending you is a "gift," you need to create a legal promissory note, with all the conditions for the loan and how you will pay them back – such as interest rate, monthly payment, and maturity date. Keep in mind, though, that you might be putting personal relationships at risk if something goes wrong- it is no fun to get in trouble with a bank or credit union if you can't pay back your loan, but it might be even worse to get in trouble with your own mother!

Hire an Accountant

Managing your money well is probably the most important thing for a business owner to do. While it is cheaper to do your own accounting, most business owners believe that hiring a professional is well worth the extra expense. The finances for a business are a lot to keep track of, and new business owners already have enough to worry about!

What Does a Good Accountant Do?

A good accountant should be able to provide you with service in several different areas. Here are the four main areas of service:

1. **Business advisory services.** An accountant should be able to help you write your business plan and personal financial plan. They can also offer you advice on everything from insurance to expanding your current business. They can also tell you how much everything will cost and if you can afford it or not.
2. **Accounting and record-keeping.** Business owners usually have to take care of a lot of their day-to-day records themselves, but an accountant can help set up bookkeeping and accounting systems and show you how to use them. An accountant can also help you keep track of expenses, income, and avoid going over your budget.
3. **Tax advice.** Remember all those taxes small business owners have to pay? An accountant can help you out with that. Accountants mainly help out business

owners with **tax planning** (reducing how many taxes you have to pay) and **tax compliance** (making sure you are obeying tax laws and paying on time.)

4. **Auditing.** If you have taken out a business loan, you will probably need to have audits done, which basically means that a third party (usually your accountant) will have to prepare financial statements to prove to your lender that all of your financial information is accurate.

How to Choose Your Accountant

Your accountant has a responsibility for the success of your business. You also might end up working with him for many years, so it is important to choose someone who is reliable, professional, and who you can get along with. Many immigrants who start businesses also look for accountants who speak their language or who come from their own immigrant communities. This can help with communication, especially for immigrant business owners who do not speak English—or business English—fluently.

1. **Ask for a referral.** Your attorney, your bank, or another business owner you know could all recommend a good accountant for you. You can also go to the Society of Certified Public Accountants for Massachusetts to get a referral or get help finding an accountant that matches your business' needs. Remember that becoming an accountant takes a lot of hard work and study, so any CPA you hire should be trustworthy and well-qualified. You can find CPAs in your area here: http://www.ms CPAonline.org/consumer/find_a_cpa/
2. **Interview your candidates.** Once you have gotten some referrals, you need to ask your candidates questions to see whether or not they will be a good match for your business. The main thing you should do is figure out what sort of services you need, and ask your candidate if they can handle your needs. Most accountants handle business taxes and auditing, but some other things they can do is manage your investments, representing you before tax authorities, and help you use financial information systems.

- 3. Figure out how much you can pay.** When you interview your candidates, you should ask them about their fees. Most accountants charge by the hour, and fees can range from \$100 to \$275. You should try to get an estimate of the total annual charges based on the services your accountant will perform. Keep in mind that an accountant with less experience will charge less, while an accountant with more experience will probably be able to work faster and more efficiently.