



Article 303

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## **Starting a Business Means Getting All the Right Permissions**

*By Finance New Mexico*

Everyone who starts a business in New Mexico expects to fill out lots of forms. Besides the application for a Combined Reporting System, or CRS, the business owner might need special permits to handle food or alcohol sales or to operate in specific industries.



But other permissions are required for a range of business activities that might not be as obvious. And it's the duty of the business owner to know what they are.

### **The Basics**

Because most New Mexico businesses pay gross receipts, compensating and withholding taxes, they need to register with the Taxation and Revenue Department to obtain a CRS number. They use this number to report and pay the state, county and local taxes the business collects on behalf of several taxing authorities.

Businesses also pay income taxes. A sole proprietor uses her personal Social Security number to file taxes, but a business organized as a corporation or a business with employees has to secure a Federal Employer Identification Number, or FEIN, from the Internal Revenue Service. Corporations exempt from gross receipts taxes — those not involved in the sale or lease of tangible and intangible goods and property — don't need a CRS number, but they might need to file a corporate income and franchise tax return and register with the Corporations bureau at the New Mexico Secretary of State's office.

A business with employees has to register with the state Department of Labor and learn if it's required to withhold state income taxes from employee paychecks, pay state unemployment taxes and provide workers' compensation coverage.

The state Regulation and Licensing Department requires some businesses — in the child care, food handling, gaming, construction and financial services industries, among others — to obtain special permits and submit to extra scrutiny. To determine if special permits are needed, the business owner should contact the department in person.

In addition to a CRS number, oil and gas sector businesses need an Oil and Gas Reporting Identification Number from the Oil and Gas Bureau.

## Local Permits

Businesses — including those based in the owner's home — should register with the municipality or county where they are based. Some New Mexico municipalities simplify that registration by categorizing home-based businesses depending on their neighborhood impact — for example, no impact, low impact and conditional use. Each category has different requirements for the number of employees allowed, hours of operation, noise and percent of floor space the business can use. Registration fees are often less for home-based businesses.

If the business has a sign, it has to obey community laws about sign size and placement. Historic districts often restrict the designs and colors allowed on signs. The municipality's building or planning department typically issues these permits.

Some municipalities require businesses to get a permit for any burglar or fire alarms — usually from the police or fire department. And any significant modification to the business's building or grounds usually requires a construction permit from the building or planning department.

For more information about the rules and regulations that apply to businesses in New Mexico, visit <http://financenewmexico.org/steps-to-starting-a-business/>.

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