

[Complete Guide](#)

Business Startup Complete Checklist

Starting a business produces a dense cluster of administrative, legal, and financial decisions that must happen in a specific order — and getting them wrong creates problems that are annoying and sometimes expensive to untangle later. This guide walks you through every major milestone from choosing your entity type through your first quarterly tax payment: LLC formation, EIN registration, business banking, bookkeeping setup, licenses and insurance, revenue modeling, and break-even math. Work through it sequentially and you will have a legally and financially organized business before your first dollar changes hands.

1. Foundation

The most important early decision is entity type, and for most small businesses starting with a single owner or small partnership, an LLC (Limited Liability Company) is the right starting point. An LLC separates your personal assets from business liabilities, is taxed as a pass-through entity by default (meaning profits flow to your personal return without double taxation), and costs \$50 to \$500 to form depending on your state. States like Kentucky and Colorado charge \$40 to \$50; California imposes an \$800 annual minimum franchise tax regardless of revenue. You can file Articles of Organization online in most states in under 30 minutes through your Secretary of State website. If you are unsure whether an S-corp election, multi-member LLC, or corporation structure fits better, consult a CPA after formation — the default LLC is almost always the correct starting point and can be restructured later.

Three documents every early-stage business needs within the first 30 days: an EIN (Employer Identification Number) from IRS.gov — free, same-day online, 15 minutes — a business checking account in the entity name, and a business credit card used exclusively for business purchases. These three items create the paper trail that separates business and personal finances, which is the single most important bookkeeping discipline you can establish. Commingling personal and business funds is

the leading reason small-business owners face audit exposure and can lose the liability protection of their LLC if ever sued.

LLC formation decision framework comparing sole proprietorship, LLC, S-corp, and C-corp on liability protection, formation cost, tax treatment, and administrative burden so you can document why you chose your entity structure before anyone else asks you to justify it. For most service businesses under \$80,000 to \$100,000 in annual net profit, an LLC taxed as a sole proprietor or disregarded entity is the simplest and most efficient structure. Above that profit threshold, an S-corp election on an existing LLC can save \$5,000 to \$15,000 per year in self-employment tax — a CPA can model the crossover point.

Formation, EIN, banking, and bookkeeping checklist with 40+ line items that walks from name registration through first quarterly estimated tax deposit, with each step marked complete, in-progress, or not applicable. The checklist is sequenced so each item creates the prerequisite for the next — skipping steps out of order creates rework.

First-year operating budget template that separates one-time startup costs from recurring monthly operating expenses so you know the difference between launch capital needed and monthly burn rate from day one. Startup costs are items you pay once: formation fees, initial equipment, website build, initial inventory. Monthly operating costs are items that recur: software subscriptions, insurance premiums, contractor fees, and owner draws.

2. Step-by-Step System

1

Choose your entity type and file formation documents

For the majority of single-owner service businesses — freelancers, consultants, coaches, tradespeople, online sellers — an LLC provides meaningful liability protection at minimal cost and administrative overhead. File Articles of Organization with your state's Secretary of State website. Costs range from \$50 in states like Kentucky to \$500 in Massachusetts, with most states between \$100 and \$150. You will also need a registered agent — a person or service that accepts legal documents on the business's behalf. You can serve as your own, or use a service like Northwest Registered Agent or ZenBusiness for \$50 to \$150 per year. Draft an Operating Agreement even if your state does not require one; it documents ownership percentages, decision-making rules, and profit distribution, which matters enormously if you ever have a partner dispute or need to prove the LLC's legitimacy to a bank or investor.

2

Get your EIN from IRS.gov — free, same-day, 15 minutes

An EIN is a federal tax ID for your business. You need it to open a business bank account, hire employees or pay contractors, file business taxes, and apply for most business licenses. Go directly to [IRS.gov/EIN](https://www.irs.gov/ein) — the application is free, takes about 15 minutes, and delivers your EIN immediately upon completion. Do not use third-party services that charge \$50 to \$100 to apply on your behalf; the IRS application is straightforward and the fee is unnecessary. You will need your personal Social Security number, the legal name of the LLC exactly as it appears in your formation documents, and the business's primary activity. Print or screenshot the confirmation page immediately because the IRS mails a physical letter several weeks later and you will need the EIN before it arrives.

3

Open a dedicated business checking account and business credit card

Open a business checking account in the LLC's name within the first week after formation. Bring your EIN, Articles of Organization, and a government ID. Mercury, Relay, and Chase Business Complete are popular options with no monthly fees or low minimums for early-stage businesses. The rule is absolute: every dollar that enters or leaves the business goes through this account. Never pay a business expense from a personal account; never transfer business revenue to personal spending without a documented draw. Apply for a dedicated business credit card within 30 to 60 days. Business cards earn rewards on operating expenses, build a business credit profile separate from your personal credit, and create a clean transaction record that dramatically simplifies bookkeeping and quarterly tax prep.

4

Set up bookkeeping before revenue arrives

Do not wait until tax season to establish bookkeeping. Connect your business checking account and business credit card to a bookkeeping tool and categorize transactions as they arrive — not in a batch at year end. QuickBooks Self-Employed costs about \$15 per month and handles income and expense tracking, mileage logging, and estimated tax calculations automatically. Wave is free and covers basic bookkeeping, invoicing, and receipt capture for most solo operators. FreshBooks at \$17 to \$55 per month adds more robust invoicing and time-tracking for service businesses. Set up a chart of accounts that includes at minimum: income, cost of services, advertising, software subscriptions, professional fees (legal, accounting), office supplies, travel, meals (50% deductible), vehicle use, and home office if applicable. Configure these categories correctly from the first transaction so reclassification at year end is not required.

5

Obtain required licenses, permits, and business insurance

Licenses and permits fall into three layers: local (city or county business license, often \$25 to \$100 per year), state (varies significantly by industry — contractors, real estate agents, healthcare providers, and food service businesses have mandatory state licensing with renewal requirements), and federal (less common, but relevant for financial services, transportation, and agriculture). Check your state's small business portal and your city or county clerk's website for the specific requirements in your location and industry. On insurance: most service businesses need at minimum a general liability policy at \$500 to \$2,000 per year depending on industry and coverage limit. Professionals who provide advice — consultants, accountants, designers, technology contractors — also need Errors and Omissions (E&O) insurance at \$500 to \$3,000 per year. Workers' compensation is mandatory in nearly every state as soon as you have employees.

6

Model revenue, break-even, and quarterly estimated tax payments

Before your first client payment, build a revenue model and break-even calculation. Break-even is the revenue level at which total income equals total fixed and variable costs. If your monthly fixed costs are \$1,200 — insurance, software, phone, and a proportionate share of your home office — and you earn \$75 per hour, you need to bill 16 hours per month just to break even before paying yourself anything. Self-employment tax is 15.3% on net self-employment income up to the Social Security wage base (\$168,600 in 2024), plus federal and state income tax on top. A practical rule: set aside 25% to 30% of every business deposit for taxes, kept in a separate savings account, and pay quarterly estimated taxes using IRS Form 1040-ES (due April 15, June 15, September 15, and January 15). Missing quarterly payments triggers an underpayment penalty of roughly 8% annualized on the underpayment amount.

3. Key Worksheets & Checklists

These worksheets translate the checklist into a documented, accountable launch sequence. The setup table captures your formation decisions and open items. The execution checklist tracks every administrative action from EIN to first quarterly tax. The 30-day tracker turns the full launch sequence into dated milestones with defined evidence of completion.

1. Business Formation Setup Worksheet

Entity type chosen	LLC (recommended default for most small businesses), S-corp, C-corp, or sole proprietor. Document the reason for the choice and whether a CPA was consulted.
State of formation	Your home state in most cases. Delaware or Wyoming formation only benefits specific investor or privacy scenarios that an attorney should confirm.
Formation fee and confirmation	Filing fee paid; Articles of Organization filed. Secretary of State confirmation number saved in a permanent folder.
EIN obtained	Applied at IRS.gov/EIN. Date obtained. Saved securely — needed on every business tax form, bank application, and contractor 1099.
Business banking	Business checking account open: institution, account number, and date opened. Business credit card approved and in use.
Bookkeeping tool	Wave (free), QuickBooks Self-Employed (\$15/mo), or FreshBooks. Business accounts connected. Chart of accounts configured before first transaction.
Insurance obtained	General liability: carrier, coverage limit, annual premium, renewal date. E&O if applicable. Workers' comp if employees are hired.
Quarterly tax calendar	April 15, June 15, September 15, January 15 added to calendar. Tax savings account open with 25–30% of every deposit transferred automatically.

2. Execution Checklist

- File Articles of Organization with the state Secretary of State. Save confirmation and all formation documents in a permanent digital folder.
- Appoint a registered agent — yourself or a \$50–\$150/year service. Document name, address, and annual renewal date.
- Draft an Operating Agreement even if the state does not require one. Sign and date it, and keep it with formation documents.
- Apply for EIN at IRS.gov/EIN — free, same-day, 15 minutes. Print and save the confirmation page immediately.
- Open business checking account in the LLC's name with EIN, formation documents, and ID in hand.
- Apply for a business credit card. Use it for all business purchases starting immediately.
- Set up bookkeeping tool. Connect business checking and credit card. Configure chart of accounts before entering first transaction.
- Research local, state, and industry-specific license requirements. Apply for any required permits before accepting payments.
- Purchase general liability insurance. Obtain E&O coverage if the business provides professional advice or services.
- Build a 12-month operating budget separating one-time startup costs from recurring monthly expenses. Calculate break-even revenue.
- Open a dedicated tax savings account. Transfer 25–30% of every business deposit to it immediately upon receipt.

3. 30-Day Business Launch Tracker

Window	Action	Evidence Complete
Week 1	File entity formation. Apply for EIN. Select registered agent. Begin Operating Agreement draft.	Secretary of State confirmation number; EIN confirmation page saved.
Week 2	Open business checking account. Apply for business credit card. Select and configure bookkeeping tool with connected accounts.	Business bank account active. Bookkeeping connected with chart of accounts configured.
Week 3	Research required licenses at local and state level. Request general liability insurance quotes. Apply for any required permits.	License requirements confirmed. Insurance policy bound or decision documented with quotes on file.
Week 4	Complete 12-month operating budget. Calculate break-even. Add quarterly estimated tax dates to calendar. Open tax savings account.	Budget complete with break-even number written down. Four quarterly tax dates on calendar. Tax savings account funded with first deposit.

4. Common Mistakes

Mixing personal and business finances from the start

Commingling is the most common and most damaging early-stage mistake. It makes bookkeeping exponentially harder, can pierce the liability protection of your LLC in a lawsuit, and turns annual tax preparation into a multi-day forensic exercise. Open the business bank account before you accept the first payment — not after you have a few transactions to sort out.

Ignoring quarterly estimated tax payments

When you are an employee, payroll withholding happens automatically. As a self-employed person, you owe federal income tax plus 15.3% self-employment tax, and none of it is withheld at source. Missing quarterly payments triggers underpayment penalties and produces a surprise tax bill in April that most new business owners are financially unprepared to absorb. Set aside 25-30% from every deposit — not at year end, from every single deposit, every time.

Waiting to get insurance until a problem occurs

General liability insurance is purchased before you need it. A single slip-and-fall at a client's premises, a data breach, or a property damage claim can generate six-figure liability that an uninsured solo operator cannot absorb. At \$500 to \$2,000 per year for a basic general liability policy, insurance is one of the cheapest line items in an operating budget relative to the catastrophic risk it covers.

Choosing an entity structure based on what a peer used rather than what fits your situation

The entity that worked for your friend's \$500,000 e-commerce business may be wrong for your \$60,000 consulting practice. An S-corp election requires a reasonable salary payment, payroll tax filings, and additional compliance — overhead that only pays off above a certain profit threshold, typically \$80,000 to \$100,000 in net income. Invest one hour in a CPA consultation before formation if your situation has any complexity at all.

5. Next Steps

Your business now has its legal and financial foundation in place. Here is how to keep moving:

- Add every quarterly estimated tax deadline to your calendar today: April 15, June 15, September 15, and January 15.
- Open a dedicated tax savings account — a separate high-yield savings account works well — and set up an automatic transfer of 25–30% of every business deposit.
- Book a one-hour CPA consultation before your first full year of business ends to review whether an S-corp election makes sense at your actual profit level.
- Use the [Budget Calculator](#) to model your first 12 months of revenue, expenses, and owner draws so you have a realistic cash-flow projection before committing to fixed overhead.
- Revisit your Operating Agreement, insurance coverage, and bookkeeping categories at the 6-month mark — most businesses need adjustments once real revenue patterns emerge.

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