

Scottsville Community
Chamber of Commerce

PO Box 11 Phone (434) 286-6000
Scottsville, VA 24590 Email: scccpresident@gmail.com

Web: www.goscottsvilleva.com

STARTING A BUSINESS

Procedure for establishing a successful
business in Scottsville, Virginia



Section

1

What You Need To Know

7 Things You Need To Know Before Starting Your Own Business

Some Things To Think About For A Successful Business

"If I knew then what I know now, I would have done things differently." Sound familiar? Many small business owners say this over and over again. Take a look at this list of things to think about before you get started on your business endeavor.

- 1) **Sell what your customers want.** Don't focus on only what you want or what you think will sell. If you don't think about your customers, chances are they won't buy your product. Make sure you research your market to find out if your service or product makes sense and has a potential customer base. Here is a web site with good demographic information about Scottsville – will your product meet the needs of our residents? www.city-data.com/city/Scottsville-Virginia.html
- 2) **Write a business plan.** This is the best way to attract investors and lenders for your business. A good business plan also helps you keep detailed records of your vision and goals. A business plan need not be excruciating and detailed unless you want to attract investors. However, sitting down and writing out your goals and how you plan to reach these goals will help you determine the steps to take to be successful and not drain your financial reserves. We suggest going to www.score.org for information on the development of a small business plan. There is a local SCORE chapter located in Charlottesville who can be very helpful in providing information on setting up a business.
- 3) **Know your strengths.** Focus on what you do well and leave the rest. You don't have to know all the answers and you don't have to cover all the bases. Be realistic about what you can do and cannot do. Remember, it is better to ask for help when you don't know something.
- 4) **Do your research.** Use classes, seminars, books, and tapes to learn all you can about the business you want to start before you start. If you don't know anything about running a business or the field you want to enter, there are plenty of free and low-cost classes, books, and tapes. Try your local library, bookstore or search the Web. Find out all you can about your market, your competition, possible locations and what people want.
- 5) **Live within your means.** You need to keep a close eye on your budget or you will end up in serious debt or out of business very quickly. If you can't get everything you think you need right away, stop and rethink your plans.

- 6) **Create a marketing plan.** This is your key to attracting new customers. Just because you build it ‘they’ won’t necessarily come. Map out how you want to get new customers to use your product or service and how you will keep them coming back. You have to sell yourself to get people to come to see you.
- 7) **You can’t do it all by yourself.** The more people you have helping you with the “little things”, the more time you can spend growing your business. Don’t be afraid to ask for help and advice from friends and family.

Section
2

Business Start-Up Basics

Deciding how to structure your business

Business Structure Under Virginia Law

Whether you are just starting to think about the possibility of starting your own business or have decided to “take the plunge” with your business idea, check out these helpful resources. **Note:** The Scottsville Community Chamber of Commerce does not endorse any products or services offered by private web links. Private links are for your information purposes only.

How do I structure my business? The first step in starting a business is to decide what kind of business entity (business structure) you will establish. Will you be a sole proprietor, a partnership, an LLC or a Corporation? A good place to visit for more information is the Virginia Department of Taxation web site at www.tax.virginia.gov

Choosing the best ownership structure for your business

The right structure – corporation, LLC, partnership or sole proprietorship – depends on who will own your business and what the activities will be. We strongly suggest you consult a business lawyer and/or certified public accountant when choosing your legal entity. To help you in this decision we have provided information on the differences in some of the more common structures.

What is a Corporation?

What sets the corporation apart from all other types of businesses is that a corporation is an independent legal entity, separate from the people who own, control and manage it. In other words, corporation and tax laws view the corporation as a legal “person” that can enter into contracts, incur debts, and pay taxes apart from its owners. Other important characteristics also result from the corporation’s separate existence: A corporation does not dissolve when its owners (shareholders) change or die, and the owners of a corporation have limited liability, that is, they are not personally responsible for the corporation’s debts.

What is “limited liability” and why is it important?

If a business owner has “limited liability”, it means that he or she is not personally responsible for business debts and obligations of the corporation (thus, why many vendors require you sign a personal liability clause on their credit application). In other words, if the corporation is sued, only the assets of the business are at risk, not the owners’ personal assets, such as their houses or cars. The corporation’s owners must comply with certain corporate formalities, keep up with paperwork requirements, and adequately fund (“capitalize”) their business to maintain this limited liability privilege.

How are corporations different from partnerships, sole proprietorships, and LLCs?

Unlike corporations, partnerships and sole proprietorships do not provide limited personal liability for business debts. This means that creditors of those businesses can go after the owner’s personal assets to collect what is due. However, organizing and operating a partnership or sole proprietorship is much easier than forming a corporation, because no formal paperwork is required. A limited liability company (LLC), on the other hand, does offer limited personal liability, like a corporation. And while formal paperwork is required to form an LLC, running an LLC is less complicated than running a corporation. LLC owners do not have to hold regular ownership and management meetings or follow other corporate formalities, for example. Corporations also differ from other business structures in the way they are taxed. The corporation itself must pay corporate income taxes on its profits – whatever is left over after paying salaries, bonuses, and other deductible expenses. In contrast, partnerships, sole proprietorships and LLCs are not taxed on business profits; instead, the profits “pass through” the business to the owners, who report business income or losses on their personal tax returns.

Section **3**

Business Start-Up Basics

How To ‘Register’ Your Business

Licenses, Taxes and Business Registration

Registering with the Commonwealth of Virginia

If you are starting a business in Virginia, you must register with the Virginia Department of Taxation prior to opening your business. You can do this very easily on-line at www.tax.virginia.gov. Form R-1, Combined Registration Application Form, allows you to register for one or all of the following taxes: Sales and Use, Employer Withholding, Corporate Income, Litter, Consumer Use, and Tire. No application Fee is required. We recommend that you check with your business lawyer and/or accountant to see which forms are necessary for your type of business and structure that you have selected.

When you have registered with the department, you will be assigned a Virginia Tax Identification number. It is important that you include your Virginia account number on your returns, checks and other information that you send.

If you indicate on your Application for Registration that you will be collecting sales tax or remitting use tax, the department will send you a Virginia Certificate of Registration for Sales Tax. This is your permit to collect sales tax, and issue and receive exemption certificates. The Virginia Certificate of Registration must be displayed at your place of business.

Registering with the Internal Revenue Service

All businesses, regardless of structure, must apply to the IRS for an Employer Identification Number (EIN). An Employer Identification Number, also known as a Federal Tax Identification Number, is a nine-digit number that the IRS assigns to business entities. The IRS uses this number to identify taxpayers that are required to file various business tax returns. EINs are used by employers, sole proprietors, corporations, partnerships, non-profit organizations, trusts and estates, government agencies, certain individuals and other business entities. You can apply for your EIN at www.irs.gov/business/index.html

Registering with the Town of Scottsville or the County of Albemarle

Scottsville is an incorporated town that resides in the County of Albemarle. If your business is located within the town limits of Scottsville you are beholden to pay Business, Professional, and Occupational License (BPOL) fees to the town. If your business resides outside of the town limits of Scottsville you must pay business taxes to the County of Albemarle.

Applying for a Scottsville Business License: To apply for a license to operate a business within the town limits of Scottsville all you need do is contact the Town Offices at (434) 286-9267. The Town Clerk and/or Town Administrator would be happy to answer any questions you may have regarding the business laws and regulations of Scottsville. Additional contact information can be found on the Town website at www.scottsville.org The application for a Scottsville Business License should only be done after you have created your business structure and acquired the proper Federal and State documents as discussed above. It would also be wise to make sure you have secured a place from which to conduct your business prior to applying for a license.

Scottsville's BPOL tax requires the following tax rates to be paid on gross receipts by each business no later than March 1st:

Retail Merchant – 0.2%

Contractor – 0.15%

Financial, Real Estate & Professional Services – 0.36% on Gross Receipts up to \$100,000 and 0.58% on Gross Receipts above \$100,000

Repair, Business and Personal Services – 0.36%

Other considerations in starting a business in Scottsville: The town does have ordinances that are important for business owners to be aware of. These ordinances are in place to help preserve the 'atmosphere' of our historic town and not to penalize any

business. If you are aware of and abide by these regulations prior to setting up your business you will not encounter any problems of non-compliance from the Town.

Some things you need to consider and consult with the Town Office in setting up a business in Scottsville include **trash pick up** and **use of sidewalk space** in front of your place of business. There is a **Sign Ordinance** in our Town. The purpose is to prevent an appearance in Scottsville that would be 'tacky' and not in keeping with the historic nature of our community. All business owners are required to present to the Town Office a sketch and information on what your proposed sign would look like for approval. **DO NOT ORDER OR PUT UP A SIGN IN YOUR WINDOW OR ON YOUR BUILDING WITHOUT FIRST GETTING APPROVAL FROM THE TOWN OF SCOTTSVILLE.**

As a small, close-knit, family-orientated community the residents are naturally concerned about the type of businesses that may come to Scottsville. It is the responsibility of our Town Council to work with new businesses to make sure they do not detract from the wholesomeness of our Town nor offer the potential to create situations that would be offensive to our residents and tourists who frequent Scottsville. Thus it is a prerogative of the Town Officers to challenge and review the establishment of a business within the town limits of Scottsville if they feel it is not in keeping with type of business atmosphere the Town desires to maintain. In most instances of this nature the Town is willing to discuss reasonable solutions that would help a questionable business open and operate in our community.

Applying for an Albemarle County Business License: A business license is required of almost all businesses operating in or from Albemarle County. The amount of business license fee is based on calendar year gross receipts. The business license is renewed each year and the application must be filed by March 1st. New businesses are required to make an estimate of gross receipts and must file a business license application within 30 days of beginning their business. Businesses with gross receipts less than \$5,000 per year are generally exempt from obtaining the business license. Itinerant merchants and peddlers must obtain their license prior to any sales. Go to www.albemarle.org and click on 'Departments' then the 'Finance Department' for a business license application or contact the Business License Department at (434) 296-5852.

Section

4

Wishing You Success!

Now That You Are Set Up To Conduct Business – What Next?

'Surviving' As A Business In Scottsville

How to operate a successful business in Scottsville

Our town is not different than many other small towns throughout the United States. There is no 'secret' to a successful business but there are many things you can do to create new traffic flow into your business and retain customers for repeat sales. Joining

the Scottsville Community Chamber of Commerce is a good first step! The Chamber not only offers an opportunity for you to share ideas with other community business owners but also provides resources and help in marketing your venture. You can learn more about the SCCC on our website at www.scottsvilleva.com or calling our offices at (434) 286-6000.

You will find that many shoppers in Scottsville do so on their return from work in another city or on weekends. It is important that you evaluate what hours your business is open so that you can accommodate your clientele. A friendly and clean atmosphere is also of great importance. Unfortunately, the Town budget does not permit the funds to support personnel to regularly sweep the sidewalks or shovel snow in front of your store. Keeping your windows clean, sweeping the sidewalk and maintaining a clear path to your door is something that will be appealing to shoppers. **Most of all make sure the person meeting the customer has personality!** Nothing turns a customer off more than a store clerk who cannot converse in a friendly manner and has no knowledge of their product.

Be a part of our community. The more you do in Scottsville the more apt our local residents are to come into your place of business. People like to purchase from people they know and the only way they will get to know you is if you become involved in the community. There are many levels of involvement in Scottsville. Aside from being active with the Scottsville Community Chamber of Commerce you have many churches, fraternal and civic organizations as well as volunteer opportunities at many local attractions such as the museum and library. You are also encouraged to participate on a Town committee such as Tourism, Planning Commission or Architectural Review Board. The more you expose yourself to the community the more the community is exposed to your business.

We thank you for considering a business in Scottsville. If you have further questions or would like to discuss business options and opportunities with the Chamber please feel free to contact us at (434) 286-6000 or scccpresident@gmail.com