

# Legal Aspects of a Woodcraft Business

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When you choose to change woodworking from hobby into a business, you will see that there are certain legal aspects to be solved, related to taxes, tax deductions or other legal documents that need to be filed at the beginning of the business.

The first thing you have to do is choose a name for your woodworking business. The name of the business must reflect your brand and your products. Make sure that the name you choose is unique and has a clear spelling. If you also intend to promote your business on the Internet, you can choose between domains such as .com or .net, to avoid the confusions with similar business names.

The second thing is filing for a business licence in your county and state. You must check all the requirements for your state, and probably the best choice is a master licence that includes both the state licence level and the county level. Some of the states charge sales taxes and you will have to keep track of your sales and pay the taxes, while some cities require a temporary business licence if you want to sell your wood products at a trade show in that specific city. What makes woodworking the ideal business is that you can start right in your garage or in your workshop. It is hard to obtain a licence for a home business, but the option is a home occupation permit that will allow you to operate the woodworking business from your home.

A trip to the bank will solve the issue of opening some business bank accounts that you will use to receive payments from your customers or to send payments to your wholesale suppliers. You will also have to open an account at the wholesale store you will purchase all of your tools and woodworking supplies.

It was right who said that you can't escape death and taxes. Woodworking businesses are not exceptions, and many of the woodworkers would rather hire an accountant to deal with this part of the business instead of doing it themselves. The taxes related to small businesses are the County and State taxes (sales tax and income tax) and the Federal Tax, which is an income tax.

Usually the sales tax involves quarterly reports of your sales, but the advantage is that you can buy wholesales supplies which are tax free. The final wood product will include within the final price the appropriate sales tax. You can find additional information in the package received when you get your business licence.

The Federal taxes are monitored by the IRS, who considers that you have a business if you obtain a profit within the first 3-5 years. The tax deductions are appealing for the ones who consider opening a small business, but the number of persons who try to obtain fraudulent deduction si high too. With little organisation skills and patience you can keep track of your tax records and set up a file system here you can add each receipt into the corresponding deduction folder. The deductions allowed by the IRS are meant to ease the way of small businesses and allow them to develop: Lease purchase of business assets (tools, cash register); Business travel ( expenses for travelling to trade shows); Vehicle operating costs (mile deductions for your car); Advertising and promotion; wages and employees benefits; legal and professional fees (the accountant, the web developer); Business use of home (huge deductions for the telephone, internet , electricity, heat, mortgage or rent bills).

You can find more information about the appropriate deduction for your home woodworking business by checking the IRS publications or a tax professional. Keeping track of all your legal aspects of the woodworking business will save you from many legal inconvenient situations and reduce your business related expenses if properly managed.