



Article 223

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## **Getting Down to Business in New Mexico**

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To launch a business in New Mexico, an entrepreneur needs a legal structure, business name, employer identification number (EIN), state registration, business license and other permits. As complicated as it sounds, it takes most entrepreneurs only a few days to obtain what's needed.

**Legal structure:** Most businesses begin as sole proprietorships or limited liability corporations (LLCs). The sole proprietor buys assets in his own name, and all business profits, losses and deductions go on the owner's personal tax return. The business owner is personally liable for the business's debts, obligations and liabilities. Sole proprietors don't need to register with regulators to establish themselves, but they should check with local and state tax authorities to ensure the business complies with applicable tax laws.

**Name:** The legal name of a sole proprietorship is the owner's full name, even if the business uses another moniker. A partnership's legal name consists of the partners' surnames or whatever name the partnership chooses. Corporations and LLCs have more latitude to register a legal name with the state; a corporation's legal name doesn't need to mention the owners' names. A company uses its legal name in all business conducted with government entities. The company's owner can operate under a fictitious name; in New Mexico, he can do it without registering with the state for a trade name or trademark.

**Employer ID:** An EIN, or federal tax ID number, identifies a business to taxing authorities. An owner whose principal business, office or agency or legal residence is in the United States or its territories can apply online and receive the number immediately if she has a valid taxpayer ID number such as a Social Security number or individual taxpayer ID.

**Combined Reporting System number:** All New Mexico businesses need a CRS number from the state Taxation and Revenue Department, which uses it to track major business taxes. This number is your state tax ID. Apply for this number (ACD-31015) at any local tax office or online at <https://tap.state.nm.us> to receive a CRS identification number immediately; applying by mail takes up to two weeks. A business with an average total monthly tax liability greater than \$200 for any combination of taxes on the CRS-1 form must report monthly; other businesses can report less frequently.

**Business license and other permits:** Business owners must secure a business license for about \$35 at their municipal office, where they'll learn about and obtain other necessary permits and

licenses that apply to their business. Licensing businesses allows the city to regulate zoning, parking, signage and other aspects of running a business.

Employer Account Number (EAN number): Entrepreneurs with employees are covered by the New Mexico Workers' Compensation Act, and the EAN identifies the employers for unemployment insurance purposes. Register first with the New Mexico Department of Workforce Solutions, then with a district office of the Taxation and Revenue Department for the worker's compensation personnel assessment fee.

Laws change frequently, and business owners should verify legal requirements at local taxing authorities or through legal counsel.

For more information, visit [www.gonm.biz](http://www.gonm.biz) or contact your local Small Business Development Center office.

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