



How to

Start a Business

in Iowa

A Step-by-Step Guide presented by **IASOURCELINK**



Starting a Business

Do you have an idea for a business and feel ready to start raking in millions? Do you dream of becoming your own boss so much that you cannot contain your excitement? Do you desire to share your passion with others?

Well, we know a lot of you reading this have those same feelings; you want to take on the world with your business, but you do not know how to begin. Luckily, that is normal! Owning your own business is a never ending roller coaster of ups, downs, healthy cash flows, and thoughts of closing the whole thing down, all of which can be scary and overwhelming to navigate, especially when you are first getting started. We hope that this “How to Start a Business Guide” will help ease your worries and set you on your path towards financial freedom and happiness!

Tips for this guide are provided by



Amy Dutton
Regional Director
Waterloo / Cedar Falls SBDC



America’s Small Business Development Center Iowa provides free customized and confidential business advice to Iowa entrepreneurs and small business owners. They serve all 99 counties and have 15 regional centers across the state. **Schedule a session** with your local counselor today!

Start a Business Guide

1	Decide to Start a Business	4
	Starting a business can be fun, exciting, and even scary. Keep these things in mind to ensure a smooth start.	
2	Conduct Market Research	10
	Who is your customer? Conduct market research to discover your customers, make informed business decisions, and increase your chances of success!	
3	Choose Your Business Name	15
	Choosing a name for your business is essential, but it is not necessarily a death sentence if the name does not seem like “the perfect fit” or “descriptive enough.”	
4	Write Your Business Plan	22
	What is a business plan? What do I write in it? How do I make writing one feel less scary? We have the answers for you and a free business plan template!	
5	Register Your Business	32
	Registering your business in Iowa is an essential step to legally conduct business. Learn about the various business structures and their registration steps.	
6	Pay Federal, State and Local Taxes	37
	Taxes. You may not like them, but you cannot avoid them. Learn about federal and state taxes and collecting and remitting them.	
7	Apply for Licensing and Permits	43
	What licenses do I need to operate my business in Iowa? Here are step-by-step directions to figuring out the correct licenses for your specific Iowa business.	
8	Fund Your Business	50
	How much money do you need to start your business? Learn how to calculate your start-up costs and strategies to start funding your business as soon as today!	
9	Pick Your Business Location	54
	Picking the right business location is critical to your success. Explore various aspects and types to figure out what is best for your business.	
10	Understand Business Insurance	60
	Business insurance is the first line of defense if your business experiences liabilities. Learn about common business insurances and steps for buying them.	
11	Next Steps	65
	You are ready for your business to take off! We cannot wait to see your business succeed, and IASourceLink will be here no matter what your business needs are.	



Step 1:

Decide to Start a Business

Starting a business can be fun, exciting, and even scary. Keep these things in-mind to ensure a smooth start!

2025 Start a Business Guide

Decide to Start a Business

Deciding to start your own business is a huge step that should not be taken lightly. You need to determine if you are ready to start your own business and refine your business idea. Here are some questions to ask yourself as you debate whether to start your own business and evaluate your business idea:

What are the pros and cons of starting a business?

Pros	Cons
<p>Starting a business gives you the freedom and opportunity to...</p> <ul style="list-style-type: none"> • Make your own choices. • Build a schedule that works for you. • Leave a family legacy. • Find personal fulfillment. • Have fun. • Solve a problem or fill a need in your community! 	<p>Starting a business may mean you...</p> <ul style="list-style-type: none"> • Work longer hours than a traditional 9-5 job. • Feel like you lack guidance. • Receive irregular pay. • Experience stress in relationships as a result of your business. • Lose money. • Have to close your business.

Overall, you need to weigh these pros and cons to determine what is best for you.



Amy's Tip



Take some time to reflect on your motivation for launching a new business. As you work through the planning process, make sure that your "why" is being considered and included in your plans. Is it control of your schedule? A bigger paycheck? Filling a need in your community? If you don't build these goals into your plans today, you may not be able to meet them when you're busy running your business.

Do I have the skillset to run my own business?

Running a business is hard and filled with a lot of responsibilities that the typical employee will never face. Check out this article from Forbes on the **characteristics and skills required** to be a successful entrepreneur.



Is my idea a good idea?

Typically, we want to think our ideas are the best in the room because they are based on past experiences and framed in our personal worldview. However, when it comes to running a business, the customer ultimately decides whether your idea is good, bad, or somewhere in between. If your customer does not like what you offer, they will not buy it. Thus, you need to know as much as you possibly can about your customer. Learning more about your customers is called **customer discovery**.

How clear is my path to my first sale?

The answer to this question depends entirely on your **product market fit**. Product market fit means that your product or service is aligned with your target customer's needs. During the customer discovery process, you learn what the customer thinks about your product or service. You then use this information to align your product or service with your customer's desires. Ultimately, the more willing your customer is to buy your product or service, the more likely you are to make a sale. When you can find the factor(s) that convince someone to buy, you have found the right product or service for the right audience, allowing you to make your first sales!

Should I buy an existing business?

While it may be cheaper to start a new business, it also comes with a higher risk of failure. A new business does not have a customer base, defined brand, positive testimonials, or battle scars to prove their idea is a “winner.” Buying an existing business will likely come with a loyal customer base that recognizes its brand and can give you feedback on what to change or keep the same. If you are considering the purchase of an existing business, check out some of our partners who can help you **assess the value of the business**.

Should I buy into a franchise?

Similar to buying an existing business, a franchise has an existing customer base and brand recognition that you can use to get your business running immediately. The entry price and ongoing royalties may be more than a similar-in-size existing business, but the franchise typically provides a proven business model and additional operating and marketing support.

Should I take over a family business?

While you may not think of it at first, you can make an offer to buy a multi-generational family business. Typically in family run businesses, family drama or issues may hinder their performance or change perceptions among their customer base. For example, a customer may say, “I liked when Steve, the dad, ran the business, but now his son, Kevin, is in charge, and the business is not the same.” If you take over a family business, you would not necessarily have any direct involvement with family issues, allowing you to move forward without that baggage.



Should I find a business partner?

Yes and no. This answer depends entirely on your business, situation, personality, and future plans. Sometimes it makes sense to work alone, such as if you run a handyman service, only work for a handful of clients, or you just do not like working with others. However, your vision for your company may be much larger than it is now. If you will eventually need help, it may be better to **find a business partner now** rather than waiting to find one later.

If you decide to find a business partner, find someone with a skill set complimentary to yours. For instance, if you are really good at creating handmade products for your online website but have no clue how to build and run the website, find a business partner with those technical skills. In other words, find someone whose skills are complementary to yours.

Should I have a business counselor or mentor?

No matter where you are in the process of starting your business, it is always wise to learn from others! Advice or input from a business counselor or mentor can help you avoid common mistakes, especially if they have already ventured down a path similar to yours. Start finding one by looking inside your current network and working outwards. Then, consider meeting with **free mentoring organizations** listed in our Resource Navigator, such as **SCORE** and **Small Business Development Centers**, to work through your ideas and plans. Unfortunately, advice is not always free. A counselor or mentor may charge you for the guidance they provide, but it can payout heavily in the future.



Are there any shortcuts to building a successful business?

Ultimately, no. Building a business requires dedication, hard work, and believing in oneself. The more you learn about your industry and customers, the more chances you have for success.

What if my business fails?

The fear of failure can seem scary, and overcoming this fear is easier said than done. However, you need to feel confident that you and your business idea have what it takes to succeed. As the famous saying goes, “If you think you can, you can. If you think you can’t, you can’t. Either way, you are right.” Believe in yourself, your business idea, and your goals and we cannot wait to see how far you will go!



Step 2:

Conduct Market Research

Who is your customer? Learn how to conduct market research to discover your target market, competitors, and industry trends. Then, you can make informed business decisions and increase your chances of success!

2025 Start a Business Guide

Conduct Market Research

What is market research?

Market research is the process of learning in detail about your target market to better understand:

- How successful your idea for a new product or service will be.
- How to best iterate an existing product or service you offer.
- How your target market perceives your brand, product, and service.



Frequently Asked Question

Question: Do I have to conduct market research for my business?

Answer: While it is not mandatory to conduct market research for your business, it is highly recommended. Conducting market research can give you a better understanding of your target market, competitors, and industry trends, which can ultimately help you make more informed decisions and increase your chances of success before you start spending money.



Why conduct market research?

You may think your product or service idea is a “no brainer” and everyone will want to buy it. However, this idea is likely false. Consider yourself for a second. Do you say “I love that!” or “I want that!” to every product or service you see? Of course not! Similarly, each of your potential customers likes different things. It is up to you to conduct market research to better understand what type of customer would buy your product or service. Understanding your target market helps you tailor your products, services, and marketing messages to meet your customers’ needs and preferences. If you try to sell to everyone, you will spend a lot of time and money trying to acquire customers who will never be interested in your product or service.



What do you learn from market research?

Market research provides insights into a wide variety of things that impact your bottom line. These insights can help you tailor your messaging, branding, development of certain features, etc. Here are some of things you can learn about your target market through market research:

How does your target audience research new products or services?

- Which competitors does your target audience look to for information?
- Are your customers seeing trends in your industry you had not thought of?
- What challenges do your customers face daily? Weekly? Annually?
- What are the things that “convince” your target market to buy?
- Does your target market talk about a particular product, topic, frustration, problem, or brand?
- Is there demand for your suggested solution?
- What are your customers’ attitudes about the pricing of competing products or services?

What strategies can you use to conduct market research?

The two kinds of market research are primary research and secondary research. While how you obtain information about your target market varies based on your research needs, the goal should remain the same: to learn as much as possible to protect your bottom line.

Primary Research



- Definition: Research gathered through first-hand techniques
- Research Method Examples: customer discovery interviews, surveys, focus groups
- Use: Learning firsthand, specific information that can be used to create a clear picture of your target market, improving your marketability

Secondary Research



- Definition: Examining already published research
- Research Method Examples: datasets, reports, and survey responses from government statistics, industry organization, private research firms, journals, the internet, etc.
- Use: Learning about industry and market trends and customer behavior over time



Frequently Asked Question

Question: What are customer discovery interviews?

Answer: In customer discovery interviews, you talk to potential customers to understand their perspectives: their needs, wants, problems, buying habits, preferences, etc. Essentially, you learn who your customer is and what product or service they would buy to make your product or service more helpful and desirable to them.



Amy's Tip



While asking friends and family on social media “Would you buy/pay for....” seems like a good way to determine market potential, the most valuable information will come from more in-depth primary research with a larger group to truly understand their needs, wants and past consumer behavior!



Frequently Asked Questions

Question: Which is better for understanding my target market: primary or secondary research?

Answer: Both kinds can be valuable for understanding your target market. Knowing which one is better depends on your specific research goals, budget, and timeline.

Question: If I conduct customer discovery interviews, how many should I do?

Answer: As many as you can! Technically, you should never stop talking to and learning from your customers. A good rule of thumb is anywhere between 20-50 interviews should give you a good idea of what your customers think about your product or service. Avoid asking for input from your friends and family. Though they may be willing to help, anyone with a close relationship to you most likely will show their approval of what you are making or providing, but their opinion may not represent your entire customer base. Start with strangers, you'll be glad you did!



Step 3:

Choose a Business Name

Choosing a name for your business is essential, but it is not necessarily a death sentence if the name does not seem like “the perfect fit” or “descriptive enough.” Use these tips to help make the process of picking your business name less overwhelming.

2025 Start a Business Guide

Choose a Business Name

Many people believe that choosing a name for your business has a lot of pressure associated with it. For example, consider Apple, the trillion dollar technology giant whose products we use in our everyday lives. When Apple first started, nobody knew who they were or what they stood for. Over time, they grew their brand into a household name that will likely be known for many years to come. In this example, choosing a name seems scary because you want to find a name that people will remember and associate with your brand for decades.

However, choosing a name does not need to be scary. Over time your brand will grow and your name will become more recognizable, so choosing a name that does not seem “right” or “descriptive enough” is not necessarily a death sentence for your business. Remember, Facebook was once just a funny word. Now, 50% of the world’s population has an account on their website.

Here are some tips to help make choosing your business name feel less overwhelming.



Follow state naming guidelines

Every state has state-specific naming requirements, and Iowa is no different. In Iowa, every LLC or corporation registered must have a unique and distinguishable business name. If you are unsure whether your business name is already taken, you can **search for incorporated businesses** who may have similar names to yours. Check out the Iowa Secretary of State's **Understanding Name Availability in Iowa** article for more information on what names are okay and which ones are not.

If you want to register your business as an LLC (**Limited Liability Company**), you must include LLC at the end of the name.

If you want to register a **Sole Proprietorship** or business partnership using a trade name, you would do so with your county recorder's office. A trade name is a name under which any person or partnership engages in business activity using other than their true name(s). You may have heard this concept called a DBA, or Doing Business As. Essentially, the trade name informs the public "who" they are doing business with but does not reserve any rights to the name itself. LLCs and other corporations in the state do not file for a trade name.

Normally, you submit your business name when you **register your business**. If you will not be filing to register your business fairly soon, you can reserve your business name with the Secretary of State. Though this is not always advised by IASourceLink or our partners, if your team feels this is a necessary step to getting the business name you desire, you can submit **the application** through the **Fast Track Filing System**.



Avoid similarities to competitors

When naming your business, research your potential competitors' names so that you do not accidentally name your business a similar name. You do not want your customers to accidentally confuse you two. Consider the availability of social media handles and web addresses if they will be critical to your business's strategies.

If another business exists with the same name as yours, technically, you can still have the same name, even if it is in the same city. You must be in a different industry or provide different products and services. If you **register your business** with the **Secretary of State**, you may be notified if your business name is too similar to another in their system.

Choose a name that is easily pronounced and spelled

You probably have come across multiple businesses where you could not immediately pronounce their name "correctly." This confusion can harm your **business branding**, especially when your customers try to recommend your business to their friends or family. They may struggle to remember your business name or its spelling, making it hard for them to actually recommend your business.



Sometimes you cannot help your company name being hard to pronounce or spell. For example, if you use your last name in your business name, you may not be able to avoid people mispronouncing or misspelling it. Regardless, you should still consider this factor and if the difficulty will do too much harm to your business branding.

Ensure your name is web friendly

In a modern economy, businesses must have an **online presence** through methods such as websites, social media channels, and advertisements on search engines. If your business name is too long or does not stand out on a screen, you may find difficulty getting traction online.

For example, imagine your business name is “John Doe’s Awesome Greenhouses, LLC.” The domain name “JohnDoesAwesomeGreenhousesLLC.com” is available, but it is 29 characters long. Although the domain name accurately represents your business, having to type that many characters into the URL increases the chances that a customer will misspell the URL and become frustrated, potentially leading to less visits to your website or customers believing you may be inactive or out of business. In this instance, it may be appropriate to shorten your domain name to something like “JDGreenHouses.com.”



Frequently Asked Questions

Question: Should my domain name match my business name?

Answer: You are not required to **match your domain** and business names. However, you should have a logical connection between your business and domain names to help your customers find you online. Ideally, this connection would be your domain and business name matching because that strategy provides the highest chance of your customers finding your online presence. But as the “John Doe’s Awesome Greenhouses, LLC” example shows, there are instances where it is better for the domain and business names to not match. You must do what is best for your specific business name.

Question: Are search keywords important to include in my business name?

Answer: Including search keywords in your business name can help improve your **search engine optimization (SEO)**, but it is not required. If you do choose to do so, be cautious because using search keywords in your business name can make it sound forced or awkward, hurting your brand.

Find a name that is memorable but not too unique

We encounter thousands of headlines, emails, videos, and advertisements everyday in our professional and personal lives. Yet, sometimes it can feel overwhelming seeing and learning about so many things, causing us to struggle to remember everything. As a result, choose a business name that is unique enough that it will stand out and be memorable to customers but not too wild or weird that they will easily forget or negatively perceive it.

Stay consistent with your brand

Branding is a huge deal in business. How your customers view you, your products, your services, your employees, and your willingness to go the extra mile all matter. In the beginning, your brand is virtually nonexistent. As you grow, your name will become more ingrained with the image that people associate with your brand.

You can name your business after something that you do, but be careful as your brand evolves. Imagine you name your home renovation business, “Rustic Remodels,” but you transition to making office spaces more “modern.” Now, your name does not match what you are known for, which can confuse customers. Be careful that your name and brand match to help your customers know who you are.



Do not limit your business with its name

Again, imagine your business name is “John Doe’s Awesome Greenhouses, LLC.” Your business name corresponds to what you produce: greenhouses. But what happens when you expand and begin selling seeds and planters to your customers to use in the greenhouses you build? What if you begin tilling gardens for people? The name you originally chose signifies you only build greenhouses, but now your business includes so much more. If you had named your business “John Doe’s Greenworks,” it would have communicated the idea that you provide a variety of plant- and outdoor-related services.

You can apply this same idea to using your city’s name. For instance, imagine you named your business “Des Moines TV Club.” If you decide to offer your services in Ames, would you change your name in that city to “Ames TV Club?” You could, but the branding that you built up in Des Moines would do little to help build your business in Ames. Instead, consider naming your business “Iowa TV Club” or “Midwest TV Club,” in case you leave the state.

As you choose your business name, allow for room to grow your business without its name limiting it.



Frequently Asked Question

Question: What should I avoid in a business name?

Answer: Avoid names with unconventional spellings, locations, and specialty.



Amy’s Tip



Don't be paralyzed trying to pick the perfect name. Do your homework, but don't let picking a name be an obstacle you cannot overcome. Many businesses evolve over time and need to rebrand - changing everything from their logo to messaging to business name.



Step 4:

Write a Business Plan

What is a business plan? What do I write in it? How do I make writing one feel less scary? If you asked yourself any of these questions, we have the answers for you and a free business plan template to help you get started!

2025 Start a Business Guide

Write a Business Plan

What is a business plan?

A business plan is a document or documents that detail what a business does, who its customers are, and how it plans to make money. To start, download our FREE business plan template or view **examples** created by the U.S. Small Business Administration.

Why should I write a business plan?

Without a business plan, your business journey has no roadmap. Planning a complete business model with projections, customer acquisition costs, and identification of your target market is overwhelming when you are just starting out. A business plan helps to guide you as you start your business, putting all of your strategies and goals in one place.



Amy's Tip

Not all business plans are created equal. If your business plan is for a lender, write for an audience that doesn't know you, your business, or your industry. If you're writing a plan for your use – mapping out your intentions and goals for your business – use whatever format is comfortable and useful for you as a guide.



Frequently Asked Question

Question: Do I really need to have a business plan?

Answer: Technically no. Running a business is not like completing a school assignment where you need to check every single box to succeed. Business plans keep you organized and focused about what you need to accomplish and who you do it for. However, often **banks**, the **SBA**, and private investors require you to give them a written business plan before they will consider providing you with financial assistance.

How do I write a lean startup business plan?

If jumping into a complete traditional business plan sounds overwhelming, try starting with a lean startup version instead. A lean startup business plan focuses on quickly outlining the key elements of your business to prepare for **customer discovery** interviews and research. It is useful for the early stages of building your business because it allows you to adapt your business model as you learn from your target market, create new partnerships, and hone in on what specific value you will bring to your customers.

As you write this plan, do not worry about business finances. You can leave out information such as:

- How, where, and when you are planning to make money.
- How much potential debt you may need to take on to get started.
- Other related documents to support your research or financial request(s).

You will include that information when you write your traditional business plan and have already fine tuned the major ideas of your business model.

Lean startup business plans are commonly written following the **Business Model Canvas (BMC)** format. This format serves as a framework for sharing and organizing your business model. Traditionally, a BMC is created on a piece of poster board with sticky notes or a giant whiteboard with dry erase markers to allow you to adjust elements as you figure out your business model ideas. Inside of the Business Model Canvas, you will find the following main sections:

- **Key Partnerships** - Who do you work with? What is their skill set?
- **Key Activities** - What does your business do? What does your business sell or offer?
- **Key Resources** - Do you have any proprietary or unique tools you use to operate your business?
- **Value Proposition** - What kind of value do you bring your customers? What problems will you solve for them? Why is it worth money?
- **Customer Relationships** - How will you connect with customers? Do they know you already?
- **Customer Segments** - Who is your target market? What do they do? What problems do they have?
- **Channels** - How do you reach your customers? Where do you sell to your customers?
- **Cost Structure** - How did you arrive at your final product or service price? What are the costs associated with running your business?
- **Revenue Streams** - Where does your revenue come from? Is there room for growth?

? Frequently Asked Question

Question: Do I have to write a lean startup business plan?

Answer: Again, no. But lean startup business plans can be helpful if you are feeling overwhelmed by writing a traditional business plan or know you will need to refine major pieces of your business model.

If writing a complete business plan does not seem of interest to you, consider writing the condensed BMC version. Having any sort of written plan, even if it is not the complete business plan, can still work as a guide for starting your business. However, most banks, the SBA, and private investors will want the additional details in a traditional business plan.

Before moving forward with your business idea, complete some **basic research** to gain a good understanding of your total market. You will want to incorporate much of this research into your business plan.





How do I write a traditional business plan?

Traditional business plans are multiple pages and include an executive summary. Many bank and SBA loans may require this format as it turns a lot of information into a condensed document. Every section is purposeful and explains different parts of a business. Here is the basic breakdown of a traditional business plan:

Executive Summary

An executive summary overviews the most important information found within your business plan. In essence, it allows the reader to have a basic understanding of what your business is about in a few paragraphs. The executive summary might be the only part of your plan that a busy investor will read, so spend a lot of time perfecting this section. Typically, you write the executive summary last so you can pull information from the other sections into your summary.

Business Description

Describing your business should become second nature to you. If a five-year-old would not understand your description, then it is too complicated for your plan. In your business description, focus on the key elements of your business operations, a brief overview of your customers, and an introduction to the products or services you plan to offer with their prices.

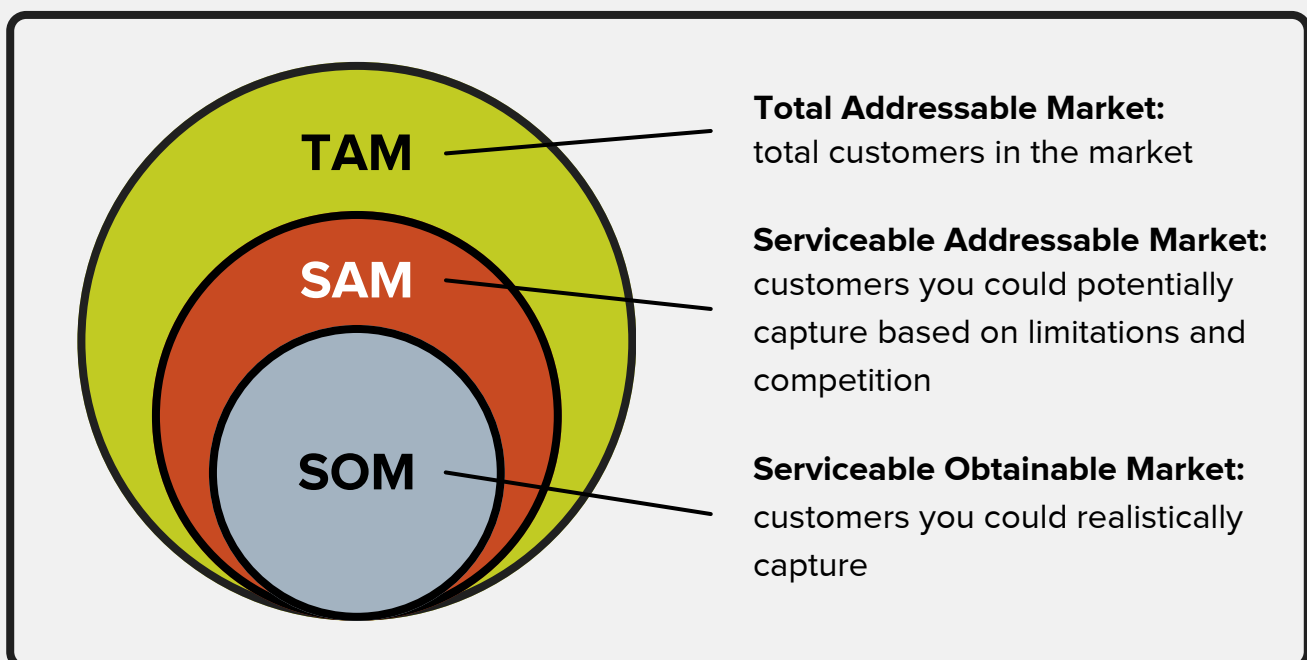
Market Analysis

Theoretically, a business partner or investor will have some experience with your industry, but that is not always the case. Therefore, use this section to introduce your market and customers, their pain points, the differences between your local and national customers, how much your customers currently spend to solve their problems, etc. Specifically, ask yourself these questions when writing your market analysis:

Who are your customers?

Demonstrating that you know your customers will help you secure potential investments by proving that you have done the research to understand your customers' needs and that your business will be the best solution for them. Prove this by being able to answer the following questions about your customers:

- Who is your ideal customer?
- How old are they?
- Where do they live?
- What are their interests?
- What do they do for work?
- Are they a business? If so, what products or services do they offer and what do their customers look like?



How big is your Total Addressable Market (TAM)?

TAM represents the total amount of customers you could have if you served the entire market. Essentially, how many customers do you have overall? If your solution is only fit for your town, think locally; how many customers do you have in your town? If you can take your solution nationally, how many customers are there across the United States? Not every person or business can be a customer, so really think hard about how many customers you could possibly obtain in your product or service sector.

How big is your Serviceable Addressable Market (SAM)?

SAM is a sub-market of TAM determined by considering factors, such as geography, regulation, and pricing. It is a better estimate of your business's potential market size as it considers your limitations and competition. Out of the number of customers you calculated for your TAM, how many of those customers could you potentially capture given your current product(s) and/or service(s), business models, and sales and distribution channels?

How big is your Serviceable Obtainable Market (SOM)?

The SOM is a niche market, most likely the market you start out with. It includes the customers you can realistically obtain due to your limitations of resources, presence of competition, and overall lack of market awareness. When you are just starting out, it is not likely you will obtain every customer in an entire market from the start, so a SOM is a great starting place. Out of the customers you calculated in your SAM, how many could you realistically reach?

How much does your market currently spend to solve the problems addressed by your product or service?

Not having a clear answer to this question does not necessarily mean that your market is not spending anything to solve their problem. A customer, whether it is a business or individual, could be paying another business, your direct competition, to solve certain aspects of their problems, or they could be paying for another 'workaround' solution, your indirect competition. Regardless, how do they currently solve the problem and what money is involved in that process?

? Frequently Asked Question

Question: Is it possible to have multiple target markets?

Answer: Absolutely. For example, imagine you run and operate a residential lawn mowing service in your neighborhood. In the fall and winter, your mowing services are not needed, so you decide to switch to snow removal services to make some extra cash. However, your usual customers do not have many driveways or sidewalks, so you need to find another market to sell your services to. As a result, you find some commercial businesses with parking lots in need of snow removal. These commercial businesses would be a secondary target market for your business because you are offering a completely different service to completely different clients.

Organization and Management

Answer the following questions in this section:

- How is your business structured?
- Is it an LLC, Sole Proprietorship, C-Corporation, or S-Corporation?
- Do you have business partners? Who is in ownership?
- Who will manage the business operations?
- What are the roles for each owner?

Service or Product Line

Explain what products or services you will offer your customers by answering the questions:

- What products or services will you offer?
- How will the products be designed, purchased, and obtained?
- How simple or how complex will it be to bring this solution to your customers?
- What new products or services will you add in the future?
- What will your pricing strategy be for this product line? (Check out this helpful article [HubSpot has written that describes various pricing strategies and factors](#) to consider).



Marketing and Sales

The whole point of a for-profit business is to make money, right? This fact is why you need to break down your marketing and sales process within your business plan. Answer the following questions in this section:

- What kind of marketing channels will you use to advertise your product or service?
- Will you only advertise online or will you use traditional media, such as radio, print, or billboard?
- Will you depend on word of mouth for advertisements?
- What will the process for getting sales look like?
- What will your **customer or buyer journey** look like?

Financial Projections

Similar to the marketing and sales section, your financial projections section shows potential investors that you have a plan to make money. This section will outline details such as:

- How much money you will have as revenue
- How much your expenses will be.
- How much funding you will seek.
- How long will it take to break even.

The financial section can be a little tricky because when you are just starting out, you think your plan is fool-proof. However, that is not always the case, and you will need to adapt your plans to get those first couple of sales. At this stage of planning, it is best to have sales projections that are conservative and cost estimates that are high. By outlining the worst case scenario, you show the business will succeed even in tough circumstances.

Funding Request

Explain to your investors what kind of funding you are seeking. For instance, are you looking for a loan, equity investment, etc.? Check out our **Fund My Business Guide**. It details ten strategies to obtain funds to get your business started.

Appendix

At the end of your plan, provide documentation to support the claims you made in the plan. Include support such as financial statements, market research, charts, tables, etc. You could also place proof of licensure, patent information, and other industry or project specific data in this section.

**Amy's Tip**

If you include something in your business plan narrative, the costs or revenues associated with that narrative should be included in your financial projections. If something is in the financials, be sure to support it in the business plan narrative, too.

**Frequently Asked Question**

Question: What things should I include in my business plan?

Answer: Ultimately, make sure your business plan answers:

- Who are my customers?
- What do I do and sell?
- What is my purpose or goal for starting this business? In other words, what is your “why” for this business?
- When will I expand my business?
- How do I measure success?
- What is the current state of the business and where is it heading?
- What resources and activities will contribute to success?
- What makes me stand out from the competition?



Step 5:

Register a Business

Registering your business in Iowa is an essential step to legally conduct business within the state. Learn about the various business structures and the steps to register each one.

2025 Start a Business Guide

Register a Business

Important

Question: If I get a business license, do I still need to register my business?

Answer: Yes, **business licenses** and business registration are two different things! Iowa does not have a general business license. Instead, you apply for licenses specific to your industry. However, before you can apply for business licenses, you need to register your business.

What is business registration?

Business registration is informing the state or your county recorder that you are conducting business under a certain name that is not your own and will fall under a specified legal structure. The legal structure you choose has a lot to do with your overall tax strategy and personal liability exposure you are willing to risk. In Iowa, similar to most states, you have many options to choose from. Some examples include sole proprietorships, domestic and foreign limited liability companies, partnerships, nonprofits, etc.

What are the main business structures?

The main business structures are:

- Sole Proprietorship
- Partnerships
- Limited Liability Company (LLC)
- C-Corporation (C-Corp)
- S-Corporation (S-Corp)

Read the following pages to learn more about each business structure.





Sole Proprietorship

What is a Sole Proprietorship?

Creating a sole proprietorship is popular for sole business owners, individual contractors, and consultants. In a Sole Proprietorship, you are the business; no separate legal entity is created. You have complete control over all decisions and operations of your business with no distinction between the business and you as the owner. Whatever profit your business makes is added to your personal annual income, as is any debt. As a sole proprietor, you have unlimited liability for the business's debts, losses, and liabilities, and personal assets can be used to satisfy debts.

Important !

Contact a tax or legal professional if you are unsure what business structure to choose for your business.

How do I register as a Sole Proprietorship in Iowa?

If you have a sole proprietorship where the business's name matches your full name, you can skip this step. For example, imagine your name is John Doe and you operate a sole proprietorship as "John Doe's Voiceover Service." In this case, you would not need to register.

Otherwise, you will file a Trade Name form with **your county recorder's office**. This process typically costs less than \$10 to file and will be valid until you file to end your business or the recorder's office revokes the form.

? What is a Trade Name (Fictitious Name)?

A trade name filing must be made by any person (sole proprietorship) or partnership engaged in business under a name different from their legal name. A trade name essentially informs the public "who" they are doing business with but registering does not create any proprietary rights in the name. Trade names are filed with the **county recorder** in the county where the business is located.

What are the advantages and disadvantages of registering my business as a sole proprietorship?

Advantages

1. A lack of government regulation allows for elements of sole proprietorships to be simpler.
As a result, sole proprietorships are the easiest type of business to start and end, do not cost a large amount of money to create or maintain the business, and do not need to be registered with the state.
2. Taxes for sole proprietorships are simpler because the owner only pays personal tax on the profits earned. You will likely pay quarterly self-employment and estimated taxes.
3. Sole proprietorships can use the owner's social security number or **FEIN (Federal Employer Identification Number)** as a form of identification for the business.
This means that sole proprietorships are not required to get a FEIN from the IRS.
4. Sole proprietorships can use a business checking account or the owner's personal checking account.
Other business structures do require the business to open a **business checking account**.

Disadvantages

1. Sole proprietorships do not have the level of government protection that other business entities have.
Liabilities are the responsibility of the business owner, meaning as an owner of a sole proprietorship, you do not have protection against creditors seizing your personal assets like you would with other business structures.
2. Owners of sole proprietorships may struggle to obtain bank loans or lines of credit.
Banks want to keep risk low and work with companies who already have a positive track record. If business is booming and the company does not require capital funding, this may not be a problem, but it can turn into one if the business begins to struggle and the losses begin to fall entirely on the business owner.
3. If the business expands, you may need to restructure the business into a different type of entity, requiring more paperwork, processes, time, and energy.
This process is inefficient if you think your business will grow quickly.



Partnerships

What is a Partnership?

There are three types of partnerships - a general partnership, a limited partnership, and a limited liability partnership (LLP).

A **general partnership** is similar to a sole proprietorship, but you have one or more partners. Together, you and your partner(s) are the business and have complete control with no distinction between the business and yourselves as owners. You divide profits, which are added to your personal annual incomes and debts. You divide responsibility for the business's debts, losses, and liabilities.

In a **limited partnership**, there will be at least one general partner and one or more limited partners. The general partner(s) will manage the day-to-day operations of the business and make the business decisions, as well as having unlimited liability. Limited partners, also known as silent partners, primarily serve as investors in the business and are limited in their liability only to the level of their investment.

A **limited liability partnership** (LLP) provides limited liability protection to all business owners. If the business fails, your personal income and assets are protected. You are only responsible for debts you incur and assets you contribute to the business, not your business partner's actions. Partners equally divide management duties in LLPs. Professional businesses, such as law and accounting firms and medical practices, typically classify as an LLP.

Important !

If you are unsure what business structure or type of partnership is best for your business, we recommend contacting a legal professional for assistance.

How do I register as a General Partnership in Iowa?

Similar to a sole proprietorship, you will file a Trade Name form with your **county recorder's office**. This process typically costs less than \$10 to file and will be valid until you file to end your business or the recorder's office revokes the form.



What is a Trade Name (Fictitious Name)?

A trade name filing must be made by any person (sole proprietorship) or partnership engaged in business under a name different from their legal name. A trade name essentially informs the public “who” they are doing business with but registering does not create any proprietary rights in the name. Trade names are filed with the county recorder in the county where the business is located.

How do I register as a Limited Partnership or LLP in Iowa?

Both a limited partnership and LLP require registration with the Iowa Secretary of State. This can be done via the **Fast Track Filing system**. Additionally, we recommend contacting a legal professional to help you complete this process.



Limited Liability Company (LLC)

What is an LLC?

In a Limited Liability Company (LLC), you, as an owner, are considered a “member” of the business. Your personal assets, such as your vehicle, house, and savings accounts, are separate from your business, protecting them and reducing your personal liability in the business in case it faces legal issues. You have the ability to pass through business profits and losses to your personal income tax return.

Important !

Contact a tax or legal professional if you are unsure what business structure to choose for your business. View **Iowa Code 489.201** for starting an LLC.

What are the requirements for naming my LLC?

In addition to the **naming requirements for any type of business entity**, you must include “LLC” as a part of your business name when filing for your LLC. However, if you do not want “LLC” or “Corp” in your name when interacting with the public, you would need to file a **fictitious name resolution** which costs \$5. Keep in mind that you can operate multiple concepts or trade names under one LLC.

How do I register as an LLC in Iowa?

Follow these steps to register your LLC with the Iowa Secretary of State:

1. Create an account within the Fast Track Filing system.

Go to the **Fast Track Filing system** website. Click on the “Create Account” button, and you will be redirected to a sign up page. Fill out the necessary information, and click “Sign Up”. You will have to confirm your account through a follow-up email sent to your inbox. From there, you will login to the home page where you will see various links and pages.

2. Complete the registration form and your Certificate of Organization.

From the Home page, click on the “File a Business Document” button; then click “Form an Iowa Limited Liability Company” link. Fill out the requested information and upload a PDF version of your **Certificate of Organization**. The Certificate of Organization, also known as the Articles of Organization or Certificate of Formation, establishes the rights, powers, duties, and liabilities of LLC members. It also provides the names and addresses of the LLC members, the name of the registered agent (the person registering the business), and the statement of purpose.

If the link for the **Certificate of Organization** does not open right away, copy and paste it into your browser. The download should then begin immediately. The information you will fill out in the Fast Track Filing system includes what type of LLC you are forming, the name of your corporation, when the company is to officially incorporate/end, your information as the registered agent, office location, and your electronic signature.

3. Pay to register your LLC.

You will be able to review and pay for the filing via the online form. The “**Business Entity Forms and Fees**” page on the Secretary of State’s website details the cost for filing your LLC. For filing an LLC, it should cost around \$50 if you are a domestic company (company based in Iowa) and around \$100 if you are a **foreign company** (company based outside of Iowa).

Once this has been submitted, paid for, and approved, you will have an official Iowa LLC!



How long does it take to receive confirmation of my registration?

Typically, it will take 4-6 weeks to receive official paper documents of your registration. If you file online using the **Fast Track Filing system**, you may receive confirmation via email within a few business days.

What is required to maintain your LLC's registration?

To maintain your LLC's registration and good standing with the state, you will need to file a **Biennial Report** every odd year. If you register online, it will cost \$30, and if you register via the mail, it will cost \$45. Mark your calendars in advance so you do not forget. Failure to file this form could result in the state revoking your registration.

Check out this article to learn how to electronically **file your Biennial Report** through **Fast Track Filing**. If you have any questions about Biennial Reports, contact Business Services at the Iowa Secretary of State's office. You can call them at 515-281-5204 or email them at sos@sos.iowa.gov.

Tip: Create an Operating Agreement

If you have a business partner, it is a good idea to have an **operating agreement**, a document used to outline an LLC's (and other corporations and nonprofits) financial and functional decisions, including rules, regulations and provisions. It also outlines the members of the corporation and their roles and responsibilities to keep everyone on the same page about their roles.

Operating Agreements are **not required** to operate an LLC in Iowa and are not filed with the Secretary of State. This document is for you and your partner(s) to keep and refer to if issues arise or some sort of restructuring occurs in the future. However, if you are seeking outside funding resources, they may require an Operating Agreement.

Here is an **Operating Agreement Template** that you can download. By clicking on that link, the download will begin immediately and you can edit accordingly. If it does not download immediately, copy the link and paste it into your browser. The download should begin after that. IASourceLink suggests every partner or member of the business have a copy of your Operating Agreement, as well as your business's attorney(s).

What are the advantages and disadvantages of registering my business as an LLC?

Advantages

1. Owners will not personally be pursued to repay the debts or liabilities of the business.
2. Ownership is usually not restricted, but the regulations do vary by state.
If there are no restrictions, almost anyone can be a member, meaning individuals, corporations, foreign entities, and even other LLCs. However in Iowa, banks and insurance companies cannot be a member of an LLC and must choose a different business structure.
3. LLCs do not directly pay taxes on their profits.
Profits and losses are passed through to the LLC's members. They report them on their individual tax returns. This advantage means that owners avoid double taxation of the company and themselves as individuals. That being said, members are considered self-employed and must pay self-employment taxes towards Medicare and Social Security, similar to what is withheld if employed.
4. LLCs may choose a different tax classification if they prefer.
5. LLCs are easier to set up and provide investors with more flexibility and protection compared to a corporation.
As a result of this advantage, both large and small businesses are registered as LLCs and LLC variations.

Disadvantages

1. Creditors may be able to go after the members if fraud is detected or the LLC does not meet legal and reporting requirements.
As long as business meets those legal and reporting requirements, members cannot be targeted.
2. LLC may need to be dissolved and the remaining partners need to create a new LLC if a member files for bankruptcy or passes away.
You can use a business continuation agreement to transfer ownership in the event of bankruptcy or death instead of forcing business to dissolve.



C-Corporation (C-Corp)

What is a C-Corp?

In a C-Corp, your business is a legal entity separate from you as the owner, meaning it can make a profit, be taxed, and be held legally liable. Often, your business's profit will be taxed twice, once on corporate income and a second time when you and your stakeholders are paid. As a corporation, you as the owner will have the strongest protection on your personal liability.

Important !

Contact a tax or legal professional if you are unsure what business structure to choose for your business.

How do I register as an C-Corp in Iowa?

To form an Iowa For-Profit Corporation, you will need to register under an available business name and submit your Articles of Incorporation with the Iowa Secretary of State's office. The easiest method to form your C-Corp is through the **Fast Track Filing system** on the Iowa Secretary of State website. Follow these steps to register your C-Corp with the Iowa Secretary of State:

1. Create an account within the Fast Track Filing system.

Go to the **Fast Track Filing system** website. Click on the "Create Account" button and you will be redirected to a sign up page. Fill out the necessary information and click "Sign Up." You will have to confirm your account through a follow-up email sent to your inbox. From there, you will login to the home page where you will see various links and pages.

2. Complete the registration form and your Articles of Incorporation.

From the Home page, click on the "File a Business Document" button then click the "Form an Iowa Corporation" link. Fill out the requested information and upload a PDF version of your **Articles of Incorporation**.

3. Pay to register your C-Corp.

You will be able to review and pay for the filing via the online form. The “**Business Entity Forms and Fees**” page on the Secretary of State’s website details the cost for registering your profit corporation, usually around \$50.

Once the online form has been submitted, paid for, and approved, you will have a certified Iowa C-Corp and you can now issue stock to shareholders.

Important !

Contact a legal professional if you have further questions about creating a C-Corp.

What are the advantages and disadvantages of registering my business as a C-Corp?

Advantages

1. Investors and owners are taking a lower risk by being involved in a C-Corp.
Their assets are separate from the business, meaning they can only lose the amount they invested and their personal assets cannot be taken if the business fails.
2. C-Corps have the most growth potential because there is no limit to the number of stocks a shareholder can have or the number of shareholders involved.
(Once you have \$10 million in assets and 500 shareholders, you have to register your business with the SEC under the Securities Exchange Act of 1934).
3. Individuals can invest profits back into the business at a lower corporate tax rate and deduct business expenses.

Disadvantages

1. C-Corps have more regulations and setup fees. C-Corps must:
 - Hold annual meetings, have a board of directors, and have shareholders vote on who holds positions on the board.
 - Maintain minutes on the meetings, voting records, and a list of the owners’ names and their percentage ownership in the company.
 - Have bylaws on the premises of the primary business location.
 - File annual reports, financial disclosure reports, and financial statements.
2. C-Corps experience double taxation.
Corporate earnings are taxed and shareholders receive the remaining amount. Then, individual shareholders pay personal income on their dividends.
3. Shareholders cannot deduct corporate losses on personal tax returns.

What are the similarities and differences between C-Corps and S-Corps?

Let's look at these two business entities head-to-head: C-Corp vs S-Corp.

C-Corp	Both	S-Corp
<ul style="list-style-type: none">• Identified as a business entity.• Taxed corporately and individually.• Does not have any restrictions on the number of shareholders or who qualifies for ownership.	<ul style="list-style-type: none">• Offer limited liability protection.• Require you to file Articles of Incorporation.• Have shareholders, directors, and officers.	<ul style="list-style-type: none">• Identified as a tax election.• Required to already be a registered business.• Allow you to pass taxes through the corporate level to shareholders.• Does not allow for more than 100 shareholders.• Does not allow shareholders to be C-Corps, other S-Corps, LLCs, or partnerships.

Contact a tax or legal professional if you are unsure if a S-Corp or C-Corp is the correct structure for your business.



S-Corporation (S-Corp)

What is a S-Corp?

A S-Corp is a tax election with the IRS. As a S-Corp, your business can choose to pass income, losses, deductions, and credits to your shareholders. Shareholders can report incomes and losses on their personal tax returns, allowing your business to avoid double taxation. An S-Corp is usually associated with small businesses, giving you the benefit of being a corporation, without being taxed like one. You are taxed as a partnership, instead. To be eligible for S-Corp status, your business must:

- Have fewer than 100 shareholders
- Have shareholders who meet the eligibility requirements
- Have only one class of stock
- Be incorporated within the U.S.

How do I register as a S-Corp in Iowa?

To be treated as a S-Corp for tax purposes, you must already have an existing and registered business. Fill a **Form 2553 Election by a Small Business** with the IRS. All shareholders must sign the form.

Important !

Contact a tax professional if you are unsure whether a S-Corp election is right for your business and a legal professional if you have questions about how to register your business as a S-Corp.

What are the advantages and disadvantages of registering my business as a S-Corp?

Advantages

1. Taxes are passed through to shareholders.

Money is taxed at their individual tax rates instead of the corporate tax rate, meaning business can save money on taxes. This advantage lifts a major burden on the business, especially those that are just getting started.

2. Owners can lower their taxes by categorizing money as salary or dividends, generating tax deductions for business expenses and employee wages.

3. Shareholders can double as employees, where they earn salaries and tax-free corporate dividends.

However, dividends cannot be more than the stockholder's stock basis. If they exceed the stock basis, the excess is taxed as capital gains.

Disadvantages

1. S-Corps have guidelines for who can be a shareholder.

Eligible Shareholders	Ineligible Shareholders
<ul style="list-style-type: none"> • Individuals • Specific trusts and estates • Certain tax-exempt organizations 	<ul style="list-style-type: none"> • Partnerships • Corporations • Individuals who are not US residents

2. Filing as a corporation requires more time and resources than filing as a LLC or sole proprietorship.

3. S-Corps must pay taxes on certain built-in gains and passive income at the entity level.



If you are unsure what kind of entity you want to form or want to know the entities' differences, the **Iowa Small Business Development Center** put together this informative document that discusses the differences in detail.

If you would like to learn more about some of the most common business registrations in Iowa, check out these guides that we wrote discussing **Sole Proprietorships, Partnerships, LLCs, C-Corps, and S-Corps**. These blogs should help you understand the topic more so you can form more targeted questions for a tax or legal professional. IASourceLink CANNOT tell you what kind of business entity you should file as. Please note that if you do ask, we will redirect you to legal counsel.

How do I register my business?

If you have a sole proprietorship where the business's name matches your full name, you can skip this step. For example, imagine your name is John Doe and you operate a sole proprietorship as "John Doe's Voiceover Service." In this case, you would not need to register.

Otherwise, where you register is directly related to what kind of structure you form:

- **Sole Proprietorship or Partnership:** File a Trade Name form with your **county recorder's office**.
- **LLC:** File a **Certificate of Organization** using the Secretary of State's **Fast Track Filing system**.
- **C-Corp:** Register under an available business name and file article of incorporation with the **Iowa Secretary of State's office**.

If you would like to elect to have your business treated as a S-Corp for tax purposes, you must already have an existing and registered business. Then, fill a **Form 2553 Election by a Small Business** with the IRS.



Amy's Tip



While the process of registering your business is fairly easy, it's important to understand the benefits and limitations of your chosen entity. Consider seeking the guidance of an attorney!



Frequently Asked Question

Question: How long does it take to receive confirmation of my registration?

Answer: Typically it will take 4-6 weeks to receive official paper documents of your registration. If you file online using the **Fast Track Filing system**, you may receive confirmation via email within a few business days. If you are registering as a Sole Proprietor or Partnership, you likely will receive formal documents or confirmation of your registration from your county recorder the same day you register.



Step 6:

Pay Federal, State, and Local Taxes

Taxes. You may not like them, but you cannot avoid them. Learn about federal and state taxes and collecting and remitting them.

2025 Start a Business Guide

Pay Federal, State, and Local Taxes

Taxes... YUCK! Unfortunately, as a business owner, you cannot avoid taxes. Taxes can seem very overwhelming to a new business owner. Because of that, it is always a good idea to speak with a **tax professional** or **legal advisor** when setting up your company.

If you operate a business in Iowa or the United States as a whole, you will have to pay taxes. There are two places where these taxes will likely be paid: the **Internal Revenue Service (IRS)** for federal taxes and the **Iowa Department of Revenue (IDR)** for state and local taxes. Refer to the tax section of our **Get Your Business Online Guide** for more information about sales tax outside of Iowa.

Internal Revenue Service (IRS)

What is a Federal Employer Identification Number (FEIN)?

A FEIN is essentially the social security number for your business. LLCs and corporations are required to obtain a FEIN. Other business entities may still want to get a FEIN because it can help prevent potential fraud and theft of your social security number. Unless you plan to operate as a **sole proprietorship**, most banks will require a FEIN in order to open a **business bank account**.

How do I get a FEIN?

FEINs are free to obtain through the IRS. You can apply via mail, which will take 4-6 weeks, or **online** to receive your FEIN number immediately.

Important

Always confirm you are on an [irs.gov](https://www.irs.gov) website before providing information. Often, businesses will try to mislead you into paying them to get your FEIN number for you. Do not fall for this scam. Obtaining a FEIN is free. Use the IRS's website to get your FEIN number:

<https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>



Amy's Tip



When you obtain your FEIN, either by mail or online, be sure to keep a copy of your FEIN document in a safe place. If you lose your number, the process of retrieving your number can be very time consuming!

Still have questions about FEINs?

Check out these helpful links below:

- How do you know if you **need a FEIN**?
- What do you do if you **lost or misplaced your FEIN**?
- Who is a **Responsible Party**?

Iowa Department of Revenue (IDR)

Depending on your business type, you may be subject to collecting and paying state taxes. Common state taxes include:

- **Sales & Use Tax**
- **Withholding Tax**

Most people need to **obtain a Sales and Use Tax permit**, but if you are unsure of whether you need one, you can **read this webpage to learn**.

Most often, you will **file for the Iowa Tax Permit** (also known as a Business eFile Number or BEN). Make sure to obtain your FEIN, if required, or have your Social Security number handy before filing for an Iowa Tax Permit! You can apply either **online** or by **paper**.





Frequently Asked Question

Question: I cannot find my Business eFile Number to log into my IDR account. What do I do?

Answer: If you lose or cannot find your Business eFile Number (BEN), email idr@iowa.gov and provide the business name of your tax permit, Iowa tax permit number (if available), requestor's name, requestor's ten-digit phone number, and requestor's email address. The Iowa Department of Revenue will mail you a copy of your Business eFile Number (BEN), your permit number and instructions on how to file and remit taxes.

After you have your Iowa Tax Permit, learn about paying your collected taxes on the **GovConnectIowa** system and **filing frequencies and due dates**. Remember, receiving your permit in the mail can take 4-6 weeks, but you can begin collecting tax immediately once you submit your registration. Speak with a tax or legal advisor to learn more about collecting and remitting state and local taxes.

Iowa Sales Tax

In most areas of the state the sales tax rate is 6%. Local municipalities and counties potentially charge their own tax of 1% in addition to the state tax rate of 6%. Many Point of Sale (POS) systems, the device that facilitates the customers' payments, have information built in to help you track this. If not, the Department of Revenue has an **informational page** that provides new start and sunset date and a tax **lookup tool** so that you can calculate this information yourself.

If you have any questions about Iowa taxes, check out this **Frequently Asked Questions** page by the IDR. Additionally, every year our team **hosts webinars** with the IDR to explain tax and law updates, department updates, and tool tutorials.





Frequently Asked Questions

Question: How do I get a temporary sales tax permit?

Answer: There are no temporary event tax permits (craft shows, farmers markets, etc). A sales tax permit is required for any event of public sales, no matter the duration.

Question: My business is located outside of Iowa, do I need to pay sales tax in Iowa?

Answer: The answer to this question depends on the amount of sales you make within the state. Learn more about **out of state businesses** on IDR's website. We have also put together an **Expand My Business to Iowa Guide** that discusses everything related to operating your out of state business in Iowa.

Question: Will my sales tax permit expire?

Answer: No. After its approval, your permit will remain in effect until you or the department cancels it.

Self-Employment Taxes

Unless your business is a corporation for tax purposes, you are classified as **self-employed**. When you are employed by a corporation, the corporation pays half of your employment tax and you pay the other half. Now, being self-employed, you pay both halves, meaning you will need to **understand employment taxes** such as Federal Income Tax, Social Security & Medicare, Additional Medicare Tax, and Federal Unemployment Tax. The IRS provides tools to help you determine **how much you could owe in employment taxes** and **their due dates**.

The **Self-Employed Individuals Tax Center** also provides many resources, including access to nine interactive lessons designed to help new small business owners learn their tax rights and responsibilities and **tips for finding a tax professional** to assist you with your various returns. The **IRS Video Portal** contains video and audio presentations on topics for small businesses, individuals, and tax professionals.

Unemployment Taxes

If you have employees in the state of Iowa, you will need to pay **unemployment taxes** to the **Iowa Workforce Development (IWD)**. The IRS's **classification page** can help you determine if you have employees or independent contractors. To set up your unemployment tax account, access IWD's **myIowaUI** and create your account. If you have questions, contact the IWD UI Tax Bureau at 888-848-7442 or email **iwduitax@iwd.iowa.gov** and visit their **Frequently Asked Questions** page.



Step 7:

Apply for Licensing and Permits

“What licenses do I need to operate my business in Iowa?” We hear that question almost every day, but the answer is different for everyone. Here are step-by-step directions to help you figure out the correct licenses for your specific Iowa business.

2025 Start a Business Guide

Apply for Licensing and Permits

How do I know what licenses or permits to apply for?

Contrary to popular belief, the state of Iowa **DOES NOT** have a general business license. Instead, you will only need to obtain business licenses specific to your industry or trade. Follow these steps to help you determine what specific business licenses you need:

Step 1. Register your business based on your business entity if you have not already done so.

If your business is a Sole Proprietorship, you will register with your county recorder's office. If your business is a LLC or corporation, you will register with the Iowa Secretary of State's office. Remember, registering your business is different from obtaining licenses.

Step 2. Visit the *Iowa Business License Information Center's (BLIC) website.*

Use BLIC to determine whether you need additional licensing to operate your business. BLIC serves as a referral source for all of the licensing agencies in Iowa. It does not issue or administer any licenses.

You can find BLIC on the IASourceLink website at <https://license.iasourcelink.com/>.



Step 3. Use BLIC's search functions to find licenses relevant to your business.

Let's go through an example to understand this process better. Imagine you want to **start a food truck** business in your city. BLIC allows you to search its database using various filters or keywords. When searching for licenses related to food trucks, you discover the **Mobile Food Establishment License**. Each license includes information about who needs it, its requirements, how to apply, and who to contact with more questions. After reading through this information, you see that you need this license because you may park your truck or trailer at a single location for up to three days and return "home" every night.

Mobile Food Establishment License

Department of Inspections, Appeals, and Licensing (DIAL)

About

License to operate a readily movable food establishment, which operates up to three consecutive days at one location, or returns to a home base of operation at the end of each day.

Code Citation Iowa Code Chapter 137F

Who Applies Any person wishing to operate a pushcart or other mobile food unit must obtain a license.

When To Apply Application must be received at least 30 days prior to the intended operating date and a license issued before the establishment begins operation.

[Visit Organization's Website](#)

IOWA | Department of Inspections, Appeals, and Licensing

Contact Information
Food and Consumer Safety Licensing

Step 4. Important! You may need multiple licenses.

Let's continue with the food truck example. You have already discovered that you need the **Mobile Food Establishment License**, but it may not stop there. Suppose you want to sell alcoholic beverages along with your food options in your food truck. You would also look into getting an alcohol business license to do so.

Just because you found one license that you need in BLIC does not mean you have found all of the licenses that you need to run your business. Thoroughly search through the database to make sure you find them all. Also, regardless of the type of business you operate, always conduct a search for applicable licensing requirements, other than just registration, text permits, etc.

Step 5. Research local permits and requirements.

BLIC covers all of the business licenses needed in Iowa at the state level. Some municipalities and counties may require you to obtain a specialty permit to operate your business. For example, some areas require what is commonly referred to as a “Peddler’s Permit,” a permit that allows you to go door-to-door offering your services or products. Before you begin offering services or selling your products in your city or county, check with your city government or county government about local requirements.

6. Apply for the licenses or permits!

Once you have followed these steps, you should have a list of the licenses or permits that you need to apply for. If you have any questions throughout the process of determining what to apply for, please **contact our team** by calling 319-273-5444 or by emailing **info@iasourcelink.com**. We typically will respond to your questions within 1-2 business days.

Now that you have your list of licenses and permits, you are ready to apply for them! If you have a question about an individual license or permit in BLIC, you can contact the person listed within the contact information section of that license.

**Amy’s Tip**

Before you invest money on your project, be sure you understand the requirements of licensing and any limitations imposed by Iowa Code. Your great idea might require you to get additional training or licensing!



Frequently Asked Questions

Question: I followed all of these steps but I did not find any licenses that I needed. What should I do?

Answer: You may not be finding any additional licenses because you may not actually need any. This result is not unusual. There are thousands of businesses that you can start, but only approximately 450 business licenses exist in Iowa, many of which are only relevant to extremely specific businesses. Before reaching this conclusion, make sure you have thoroughly searched BLIC and asked your city or county government about local requirements.

Question: Do I need a license to sell my products in another state?

Answer: This answer depends entirely on the other state's requirements and laws to operate your business.

Question: I'm an out-of-state business, do I need a license to operate within Iowa?

Answer: If you make taxable sales within the state of Iowa, regardless if you are a domestic or foreign entity, you will need to register with the appropriate state or county authority. This also applies to sales tax, but there are some exceptions. See **more information** provided by the Department of Revenue, or read through our **Expand My Business to Iowa Guide** for extra help.

Popular Licenses

Below are some of the most searched licenses inside of the **Business License Information Center (BLIC)**.



Mobile Food Establishment

- **Description:** For operating a readily movable food establishment, which operates up to three consecutive days at one location or returns to a home base of operation at the end of each day.
- **Administrator:** Food and Consumer Safety Licensing
- **Email Address:** FCS-licensing@dia.iowa.gov
- **Phone Number:** 515-281-6538



Food Service Establishment

- Description: For operating an establishment that prepares or serves food for individual portion service intended for consumption on the premises or where prepared food is subject to Iowa sales tax as provided in Iowa Code Section 423.3.
- Administrator: Food and Consumer Safety Licensing
- Email Address: **FCS-licensing@dia.iowa.gov**
- Phone Number: 515-281-6538



Passenger Transport & Chauffeur

- Description: For anyone wishing to transport passengers by shuttle, taxi, limousine, or other passenger transport service in the State of Iowa. Any person transporting 15 persons or less (including the driver) must possess the Class D-3 License.
- Administrator: Central Programs Bureau
- Email Address: **driver.services@iowadot.us**
- Phone Number: 515-244-8725



Vending Machine

- Description: Required to operate a self-service device which, upon insertion of a coin, paper currency, token, card or key, or by optional manual operation, dispenses unit servings of food in bulk or in packages without the necessity of replenishing the device between each vending operation.
- Administrator: Food and Consumer Safety Licensing
- Email Address: **FCS-licensing@dia.iowa.gov**
- Phone Number: 515-281-6538



Home Food Processing Establishments (HFPEs)

- Description: A business on the premises of a residence that is operating as a home-based bakery where baked goods are prepared for consumption elsewhere.
- Administrator: Food and Consumer Safety Licensing
- Email Address: **FCS-licensing@dia.iowa.gov**
- Phone Number: 515-281-6538



Commercial Pesticide Applicator Individual Certificate

- **Description:** For an individual, employed by a licensed commercial pesticide application business or otherwise, to evaluate pest problems and take pest control measures, including integrated pest management and the application of pesticides.
- **Administrator:** Pesticide Bureau
- **Email Address:** tammy.green@iowaagriculture.gov
- **Phone Number:** 515-281-5601



Land Surveyor

- **Description:** For an individual to plan, organize, and direct the work of one or more survey parties engaged in measuring distances, directions, and angles between points and elevations of points, lines, and contours on the earth's surface.
- **Administrator:** Engineering & Land Surveying Examining Board Administrator
- **Email Address:**
EngineeringandLandSurveyBoard@iowa.gov
- **Phone Number:** 515-725-9022



Certified Nursing Assistant (CNA)

- **Description:** For an individual to provide personal care including feeding, bathing, and assisting patients with personal hygiene. They check patients' vital signs, make progress assessments, deliver meals, maintain a secure environment, and perform treatments and other tasks. The CNA works under the supervision of a licensed nurse.
- **Administrator:** Department of Inspections, Appeals & Licensing
Email Address: DCW@dia.iowa.gov
- **Phone Number:** 515-281-4077



Step 8:

Fund Your Business

How much money do you need to start your business? Learn how to calculate your start-up costs and strategies to start funding your business as soon as today!

2025 Start a Business Guide

Fund Your Business

Calculate Your Startup Expenses

One of the most important parts of your **business plan** is your financial projections. Here, you share estimated revenues, profits, and estimated expenses. You will need these numbers when you search for funds to start your business. By understanding your startup expenses, you will have an easier time estimating profits, conducting a **break-even analysis**, securing loans, attracting investors, and saving money using tax deductions.

Some expenses are common across most businesses, such as inventory and website hosting costs. However, other expenses differ depending on the business. Use the list below of common startup expenses to get you started determining your startup costs. Add or remove items based on your business plan. The SBA has also put together an **excellent worksheet** that you can use to calculate your startup costs.

- Office space
- Equipment and supplies
- Communications
- Utilities
- Licenses and permits
- Insurance
- Lawyer and accountant
- Inventory
- Employee salaries
- Advertising and marketing
- Market research
- Printed marketing materials
- Website development and hosting
- Building repairs, remodels, or other improvements

Using your list of startup costs, estimate how much money you will need to start your business. There is not a set dollar amount or requirement to get started, so you may be surprised with how little you actually need to get yourself off the ground.



Amy's Tip



If you are planning a new brick and mortar location, you may be surprised by your needs for remodeling and furnishings. Be sure to get quotes and estimates so your business isn't underfunded!



Frequently Asked Questions

Question: What should I keep in mind if I plan to fund remodels, repairs, or other improvements?

Answer: If you are leasing a building and planning on making remodels, repairs, or improvements to it that would stay with the building after your lease ends, talk with your landlord before starting. When your lease ends, those improvements stay with the building, despite you leaving. As a result, you will lose those improvements' benefits or financial value. You can lose a lot of money if you do not discuss with your landlord about the possibility of them paying for part, if not all, of the improvements. Plus, your landlord may not allow you to repair or remodel the building, especially if they feared those changes would decrease the building's future rent value. Major improvement examples include installing a new heating and air conditioner, constructing walls to make smaller rooms, or adding a built-in bar. Talk with your landlord to see what they are willing to do before making any major changes to the building.

Question: Do I need to invest money to start my business?

Answer: The answer to this question depends entirely on your type of business. For instance, if you already have computer and graphic design skills, you could technically sign up for free as a freelancer on various platforms and begin offering design services to customers without any advertising. In this case, the only real cost is the time spent on the projects themselves. Other types of businesses, such as a manufacturer, will require many initial investments in the form of a loan to set everything up and to acquire new customers. For loans, you will usually need to provide a cash down payment, ranging anywhere from 10-25% of the overall loan amount. In this case, you do need to invest money to start your business. The answer relies on what your business does, the capital needed to start, and the time it takes for your business to be profitable.

Now What?

Now that you have got your estimated startup cost, how do you get that money? Check out our **Fund Your Business Guide** for strategies available to get you the funds you need to start your small business as soon as today! Here is a preview of that guide:

- **Bootstrapping**
- **Friends and family funding**
- **Angel investor and venture capital firms**
- **Types of loans available**
- **SBA and Bank Loans**
- **Iowa Loans Programs**
- **Crowdfunding**
- **Government grants**

Also, check out this **funding roadmap** from the Office of the Advocate for Small Business Capital Formation, another great resource that explains the various funding options available.



Step 9:

Pick Your Business Location

Picking the right business location is critical to your success. Explore various aspects and types to figure out what is best for your business.

2025 Start a Business Guide

Pick Your Business Location



Choosing a business location is an important decision. As the old saying goes, “There are three things that matter in property: location, location, location.” Picking the best location for your business can help make it more accessible, visible, and convenient to your customers and vendors, improving your business’s reputation and potential.

However, if your business does not need a high traffic setting near other shops, the location of your business may not matter other than perhaps distance from your customer and overall accessibility. One example of this is Dunder Mifflin, a fictional paper company from the show, “The Office.” Though Dunder Mifflin has employees and needs to store the paper they sell, they do not require a storefront for customers to see what kind of paper they offer. In this instance, Dunder Mifflin could put their office and distribution center wherever they would like, but the idea of putting it in a high traffic and often expensive mall or high traffic area does not make sense.

Ultimately, picking your business location is something you should be mindful of and give proper consideration to when starting your business, but do not let this decision overwhelm you. Instead, use this information to help you understand the various location options and make the best choice for your business!



How do I pick my business location?

There are many factors that you need to consider throughout the business planning process. Here are some questions to help you get started:

- What is **your budget**? How much can you afford in both good and bad times?
- Do you want to buy or lease?
- Do you need a physical storefront? Can everything be done online? Would temporary pop-up locations work better?
- Where are your target customers? Do they shop at a physical store or do they shop online? If they shop at a physical store, what part of town do they prefer to shop in?
- Should you buy something bigger than what you currently need to prepare for future expansion?
- What type of location does **your brand** require? Will a location change your brand or image?
- Will **your vendors** have issues with your location? How will deliveries be affected by your location?
- Is your location safe for your customers? Is your location safe for your employees? If you hold products in a warehouse, how safe will the inventory be?
- If you require foot traffic, will your location produce the numbers you need?
- Will your location hinder the hiring of employees? Will the location limit your candidate pool?
- How will parking work for you and your employees? Customers? Deliveries? Shipments?



Seven Common Location Types



Home Based Locations

A very common business location for entrepreneurs who are just starting out is their home. Perhaps you have an extra room that you can use as an office or extra space in your garage that you can use to store your products. Take advantage of the spaces that you already have. You can even receive **tax deductions** for using household items for business purposes. Speak with a tax professional if you plan to apply this strategy.



Retail Business

Retail spaces include more than downtown storefronts and strip malls. When searching for a retail location, identify different spaces in shopping centers, free-standing buildings, and kiosks. Farmers markets are another great example of a pop-up retail space. They combine retail and mobile locations.



Frequently Asked Question

Question: Do I need a brick and mortar store?

Answer: Not necessarily. With the rise of online sales channels, the need for a physical store or space has disappeared for many. Sometimes, though, an actual location customers can visit is necessary or a competitive advantage.



Mobile Business

Mobile card readers and the internet have completely revolutionized how businesses can operate. Now you can take your business on the road and still have the conveniences of your physical location! A great modern example of this is Chick-Fil-A. Even though the fast food chain has dine in, carry out, and drive thru options, some of their locations utilize a mobile food truck or van to travel to more rural areas and sell their products. This type of roaming model can expand your service area without an additional location.



Coworking Space

A coworking space is a shared office space where people from different companies and even industries come together to work. Often, they include open desks, workstations, and communal areas, making coworking spaces supportive communities where you can help one another grow personally and professionally. Coworking spaces help make prime business locations more affordable for small businesses because you can save money by sharing the cost of running an office space with the other coworking space members. Sometimes they even have startup resources, such as digital assets, coaches, advisors, and 3D printers, to further help you grow your business.



Commercial Business Space

Does your business not heavily rely on passerby traffic or foot traffic? Maybe you have a showroom but you use it more for contractors and not necessarily customers? Consider finding a commercial building space. These spaces typically are located among other commercial buildings, do not possess the amenities that would drive foot traffic to your door and may come at a reduced cost. Often, they are used as offices, warehouses, and industrial spaces. If you run a destination business, consider a location off the beaten path to reduce your costs.



Industrial Site

Industrial sites usually include warehouse space and easy access to transportation routes. These sites work well for manufacturing and distribution businesses or businesses that need space to park large equipment or receive deliveries from semi-trucks or other large vehicles.



Online (including websites and social media)

Imagine you operate a business where all of your sales occur online. For example, you produce homemade coffee mugs and sell them on **Etsy**. In this case, it seems like your business location would not matter, but that is not true. You still need to consider how you will make your deliveries, especially if the closest post office, UPS, or FedEx is the next town over, and if your location has a reliable internet connection. Overall, you still must consider many aspects related to location for an online business. For more questions and other tips and strategies to starting an online business, check out our **Start an Online Business Guide**.

**Amy's Tip**

Don't make hasty business decisions because you think you've found the "perfect" location. An inefficient business model or incomplete business plan can't be offset by a good location.

**Frequently Asked Question**

Question: When should I open a store front?

Answer: This answer depends entirely on your type of business and the needs of the business. If your customers do not require that you have a store for them to check out the products you sell, you may be able to avoid or reduce your location costs.



Step 10:

Understand Business Insurance

Business insurance is the first line of defense if your business experiences liabilities such as natural disasters or lawsuits. Learn about common types of business insurance and steps for buying them.

2025 Start a Business Guide

Understand Business Insurance

What is business insurance?

Business insurance protects businesses from losses due to their normal business practices, such as property damage, employee injuries, employee risks, product defects, etc.



Frequently Asked Question

Question: Is business insurance required in Iowa?

Answer: It depends on the type of business you operate and the requirements the state sets based on your industry and/or business type.

Do I need business insurance?

The type of business entity you form may offer some personal property protections when dealing with business debt or certain lawsuits, but these protections still have limitations. Plus, the lack of business insurance can leave many businesses, especially small businesses, unable to survive when faced with emergencies, such as a natural disaster, lawsuit, or fire.

Speak with an insurance agent to determine what kind of coverage you need. Compare terms and prices to find the best option for your business since each business has unique insurance needs. A great place to start your search is the **insurance agent locator tool** provided by the Independent Insurance Agents of Iowa. Independent agents typically have more flexibility when it comes to shopping around for different underwriters. As a general rule, you should always get multiple quotes from these agents, just as you would when buying any product.



Amy's Tip



Insurance is the first line of defense for most liabilities a business might experience. Having solid coverage in place may allow your business to avoid a trip to the courtroom and other unforeseen expenses.



Frequently Asked Question

Question: What kind of business insurance do I need?

Answer: The answer to this question completely relates to the type of business you run and the risk you are willing to take on. You may be required to obtain certain types of insurance, similar to how we must get auto insurance for our cars, so make sure you look into your industry requirements. Ask your agent to explain the kinds of available coverage and the importance of each.

Seven most common types of business insurance

General liability insurance

This type of insurance is useful for any business. It protects against financial loss from property damage, bodily injury, medical expenses, slander, libel, lawsuit defenses, bond or judgment settlements, and more.

Product liability insurance

This type of insurance most helps businesses that manufacture, wholesale, distribute, and retail a product. It protects against financial loss resulting from injury or bodily harm caused by a defective product.

Professional liability insurance

This type of insurance aids businesses that provide a professional service or routinely provide advice to their clients. Often referred to as Errors and Omissions (E&O), this insurance protects against financial loss resulting from malpractice, errors, negligence, etc. Specific names and protections will vary depending on the kind of work the business does.

Commercial property insurance

This type of insurance helps businesses with a large amount of property and physical assets. It can protect against loss and damage to a company's property caused by events such as fire, smoke, wind and hail storms, vandalism, and civil disobedience.

Home-based business insurance

This type of insurance is useful for businesses that are run out of the owner's personal home. If you have significant assets, you may wish to inquire about an umbrella liability policy to provide additional protection of your personal property.

Business owner's policy

This type of insurance is useful for most small business owners, especially home-based business owners. A business owner's policy is an insurance package that combines the typical coverage options into one bundle. This option can simplify the insurance buying process and save money.

Worker's Compensation

Workers' compensation offers financial coverage for medical bills, lost income, and rehabilitation expenditures to workers who sustain injuries or fall ill while performing their job duties. Additionally, it provides compensation to the families of employees who tragically lost their lives while working. In Iowa, businesses must provide workers' compensation or register to be self-insured.

**What are the steps to buying business insurance?*****1. Assess your risks***

Each business has unique insurance needs to carefully consider. Think about what kind of accidents, natural disasters, or lawsuits could damage your business and what you could afford to pay for on your own. For example, if your business is located in a commercial area that is at risk from seasonal events such as fire or hail storms, commercial property insurance will help protect against loss.

***2. Find a reputable licensed agent***

Because a wide variety of insurance options exist, it is important to find a reputable licensed agent. Commercial insurance agents can help you find policies that match your business needs. They receive commissions from insurance companies when they sell policies, so find a licensed agent that is interested in your needs as much as his or her own.

3. Shop around

Prices and benefits can vary significantly. You should compare rates, terms, and benefits for insurance offers from several different agents. Doing so will allow you to determine the lowest priced coverage available to fit all of your business's needs. You may also be asked for your anticipated sales volume for the quote to be generated.



Frequently Asked Question

Question: What's the best business insurance available?

Answer: Quality of business insurance is determined based on a variety of factors, such as the amount of coverage, the price for the coverage, general reviews from the insurance company customers, and more personal reviews from your peers or competitors.

4. Reassess every year

As your business grows, your liabilities will grow too. If you have purchased or replaced equipment or expanded operations, you should contact your insurance agent to discuss changes in your business and how they affect your coverage. If your coverage needs, policy terms, or rate have changed from the prior year, it may be beneficial to shop around to see if other insurance options would better suit your needs.



Step 11:

Next Steps

You are ready for your business to take off! We cannot wait to see your business succeed, and IASourceLink will be here no matter what your business needs are.

2025 Start a Business Guide

Next Steps

Woohoo! You have officially learned the steps to start your own business. So, what happens now? Do you become an overnight success? Will you make a sale today? Can you franchise your business model and scale your idea? The answers to these questions lie within your idea, the strength of your business plan, how you execute, the things you learn, and the relationships you develop moving forward. We cannot wait to see where your business takes you!



Amy's Tip



Smart entrepreneurs ask for help! You may not know what you don't know. Reach out to others with more knowledge and experience to ensure you haven't missed anything as you launch or expand your business.

As you move forward with your business, IASourceLink has resources for wherever you are in your business journey. Check out and download some of our other great free resources to make growing your business easier!



Fund a Business Guide



Grow a Business Guide



Industry-Specific Guides



Nearly 400 Partner Organizations



Tax Webinars

Hosted with Iowa Department of Revenue



Start Your Business

Follow this checklist to launch your business and help it to take flight!

- Determine your business concept, write your business plan, and calculate your funding needs
- Review business structures and choose your entity type
- Research your business name to ensure it is available using:
 - **Iowa Secretary of State's** website
 - Social media
 - Other internet searches
- Register your business
 - If you have a sole proprietorship where the business's name matches your full name, you can skip this step
 - Other sole proprietorships and simple partnerships register with your **County Recorder's Office**
 - LLCs and C-Corporations register with the **Iowa Secretary of State's Office**
- Get your **Federal Employee ID Number** (FEIN)
Also known as Tax ID Number or Employee ID Number (EIN)
- Open your bank account
- Obtain funding as needed
- Pick your physical business location and/or set up your online store
- Apply for your Tax Permit with the **Iowa Department of Revenue**
- Consider business insurance
- Apply for business licenses or permits based on the list of licenses in **Iowa Business License Information Center** (BLIC)
- Apply for Unemployment Insurance with the **Iowa Workforce Development** when you hire your first employee

★ Click the links on this page or visit iasourcelink.com/links to access these helpful resources!