Guide to Starting a Business in Southfield

"The business community is the heart of Southfield's economic growth and prosperity. The City of Southfield is committed to helping new and existing businesses grow and expand." *Nik Banda, Director of Planning and Economic Development*

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HOW DO I APPLY FOR A CITY OF SOUTHFIELD BUSINESS LICENSE OR BUSINESS REGISTRATION?

Getting Started

To prepare yourself before applying for a City of Southfield business license or registration, you must first decide what type of business you are interested in starting. Prepare a business plan that will suit your short and long term goals.

One of the first decisions that you will have to make as a business owner is how the company should be structured. There is no one legal structure that's best for all small businesses. Whether you're better off starting as a sole proprietor or choosing one of the more complicated organizational structures such as a partnership, corporation or Limited Liability Company (LLC) usually depends on several factors.

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Determine your Business Entity

Entity Type	Description
Sole Proprietor	Most small businesses start out as sole proprietorships because this is the simplest type of business organization to establish for an individual starting a business. Under this structure you simply need to comply with any applicable licensing requirements and obtain a "Doing Business As" certificate if you plan to operate under an assumed name (a name that is not your own); there is nothing else you need to do. This is a good structure if risk and liabilities of your business are low.
Partnership	In a partnership, two or more people share ownership of a single business. Like proprietorships, the law does not distinguish between the business and its owners. While a partnership agreement is not necessary it is strongly advised to clearly set out each partner's contribution/ involvement in the business and what will happen in the event of liquidation.
Limited Liability Company (LLC)	The LLC is a relatively new type of hybrid business structure that is not permissible in most states. It is designed to provide the limited liability features of a corporation and the tax efficiencies and operational flexibility of a partnership. The owners are members, and the duration of the LLC is usually determined when the organization papers are filed.

Determine your Business Entity

"C" Corporation	A corporation, chartered by the state in which it is headquartered, is considered by law to be a unique entity, separate and apart from those who own it. A corporation can be taxed; it can be sued; it can be entered into contractual agreements. The owners of a corporation are its shareholders. The shareholders elect a board of directors to oversee the major policies and decisions. The corporation has a life of its own and does not dissolve when ownership changes. The primary advantage of a corporation is that it provides its shareholders with a right to participate in the profits without any personal liability.
"S" Corporation	Owners who want the limited liability of a corporation and the "pass-through" tax treatment of a partnership or a sole proprietorship will often make the S-Corporation election.
Non-Profit Corporation (NPC)	NPCs are a type of corporate entity that limits payment or distribution of any part of its assets, income, or profit except in conformity with the purposes of the corporation. Members of the corporation may only receive profits in conformity with the purposes of the corporation. Generally, a NPC is created under the Michigan Nonprofit Corporation Act. However, there are many special acts that permit the formation of a wide variety of NPCs. Some purposes for which NPCs are commonly formed are those involving religious, educational, and charitable activities. To create a NPC, Articles of Incorporation must be filed with the Department of Labor & Economic Growth, Bureau of Commercial Services, Corporation Division. Additional information and assistance is available at the Corporation Division online under Forms and Publications at http://www.michigan.gov/corporations. Copies of forms, statutes, and publications are available at that site, or customers may call 517.241.6470.

Register with the Appropriate Government Branch

No matter what type of business you choose to operate, you must register your business with the appropriate government branch.

- **Federal Employer Identification Number (FEIN)** – If you operate your business as a "C" corporation or a LLC you are required to obtain an Employer Identification Number to file and pay any federal tax obligation. You may register for a FEIN with the United States Internal Revenue Service.
- **State of Michigan License** - Not every business in Michigan is required to be licensed by the State of Michigan however, it is your responsibility to determine if your new venture requires a state license. You can contact the State of Michigan.
- **Oakland County Assumed Names** – If you are a sole proprietor or a partnership and you conduct business in Michigan under an assumed name (a name other than your own), file for an Assumed Name Certificate with Oakland County.
- **City of Southfield License/Registration** – Not every business is required to be licensed by the City of Southfield, however, they must register with City. You can contact the City Clerk's Office to find out if your business requires a license.

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Register with the Appropriate Government Branch

Government Branch	Phone	Address	Registration
United States Federal Tax Payer Service www.irs.gov/business/small/article	313-628-3722	477 Michigan Ave Detroit MI 48226	Federal Employer Identification Number (FEIN)
State of Michigan Michigan Economic Development Corporation www.michigan.org/medc/service/license/	888-522-0103	300 N. Washington Square Lansing MI 48913	State Licenses
State of Michigan Michigan Department of Treasury www.michigan.gov/treasury	517-373-0888	Michigan Department of Treasury Lansing MI 48922	Application for Registration (form C-3400)
Oakland County Office of the Oakland County Clerk www.oakgov.com	248-858-0581	1200 N. Telegraph Pontiac MI 48341	Assumed Names
City of Southfield Office of the Southfield Clerk www.cityofsouthfield.com/departments/city_clerks/licenses.php	248-796-5150	26000 Evergreen Road PO Box 2055 Southfield MI 48037	City Licenses
City of Southfield Business Development Department www.cityofsouthfield.com/departments/businessdevelopment/	248-796-4160	26000 Evergreen Road PO Box 2055 Southfield MI 48037	City Registration

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Apply for a City of Southfield Business Registration/License

Unless otherwise exempted by state law, all persons who conduct, engage in, maintain, operate or manage a business or occupation in the City of Southfield are required to register their business. In addition, the City of Southfield Municipal Code mandates licenses for specific businesses. A separate license is required for **EACH BUSINESS LOCATION** in the city. Businesses that obtain a business license will automatically be registered with the city.

An applicant must complete the application detailing business activity, location and ownership. Applications for a business license may be made in person or by mail. If your business does not qualify for a business license, we request that you register your business with the Business Development Department.

Applicants must have:

A valid driver's license, voter's registration card, state identification card or other official photo ID.

A Federal Tax Identification Number (FEIN)

Document requirements vary by license type.

Please refer to www.cityofsouthfield.com/departments/city_clerks for additional information. Information provided on the application will generate a customized license for your business.

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Clerk's Office: Certify Permitted Business Activity:

The City Clerk's Office is required to review and approve a license application. Certification ensures that a business establishment and business activity meet all the necessary requirements. Business licenses must be renewed each year. City Clerk's Office staff is available to answer questions or aid in the completion of the application during regular business hours Monday - Friday from 8 am to 5 pm.

License Application Filing Fee

The Southfield Clerk's Office will review your license application for accuracy and completeness. You will receive a fee schedule which will be a guide to determine your payment. Any outstanding debts to the City by the business owner or any officer of the corporation must be paid before a license can be issued. These debts may include: outstanding parking tickets, building violation fines, etc. Payments can be made by check or cash.

License Inspections

Some business licenses require that the business establishment undergo and pass inspection from various city departments prior to obtaining a license. Common inspections are: building, fire prevention, and background checks. You should be prepared for any inspection when you file your written application. You may check the status of an inspection by contacting the City Clerk's Office.

License Inspections Denial

In the event that the business did not pass any or all of the inspections, it is imperative that all violations are corrected. The business owner should contact the City Clerk's Office or the inspecting department(s) to arrange for reinspection.

License Approval

After inspections are completed and approved, licenses are printed by the Office of the City Clerk. Current license(s) must be posted in a conspicuous location within the business establishment.

Operating a Business Without a License

The City of Southfield Municipal Code mandates that no business activity may take place without first obtaining the required license(s). A pending license application does not allow you to operate. Failure to comply can result in enforcement action.

For Assistance regarding business development please contact:

Rochelle Freeman, Business Development Manager
southfieldbdt@cityofsouthfield.com
248.796.4160

City of Southfield
Business Development Department
26000 Evergreen Road
P.O. Box 2055
Southfield MI 48037-2055