

The Business *of* Design

BUSINESS STRUCTURES

A Sole Proprietorship

“A sole proprietorship is the simplest and most common structure chosen to start a business. It is an unincorporated business owned and run by one individual with no distinction between the business and you, the owner. You are entitled to all profits and are responsible for all your business’s debts, losses and liabilities.”

SMALL BUSINESS ASSOCIATION www.SBA.gov

The cost to start one is only as much as the price to obtain the few licenses and permits you’ll need. Tax preparation is simple and tax rates are lower. As a sole proprietorship, your business is not taxed separately from you as an individual. You only file once, not twice. The tax rates are also the lowest of the business structures.

Because you are technically seen as one with your business, you are held personally liable for any debts owed by your business. This even applies to liabilities caused by your employees’ actions. Your personal property can potentially be seized to pay for debts.

BUSINESS STRUCTURES

Partnership

“A Partnership is the relationship existing between two or more persons who join to carry on a trade or business. Each person contributes money, property, labor or skill, and expects to share in the profits and losses of the business.”

IRS www.IRS.gov

Corporation

“The corporation is a business structure suggested for established, larger companies with multiple employees.”

“Offers personal liability protection for its owners.”

HOODZPAH DESIGN

LLC

“Like a corporation, it offers personal liability protection for its owners. But for income tax purposes, it is treated like a sole proprietorship if there is one owner or like a partnership if there are two or more owners. An LLC never pays taxes; instead, the owner’s share of business income, deductions, credits and other tax items pass through and are reported on the owner’s tax return.”

HOODZPAH DESIGN

Taxes

You are required to pay Federal and State income taxes.

In addition, you are required to pay Self-Employment tax which includes Social Security and Medicare. Part of these expenses are often paid by an employer but if you are self-employed you will need to cover them in their entirety.

You will need to pay quarterly estimated taxes.

THE BUSINESS OF DESIGN

REGISTER A BUSINESS

Hawai'i's Online System

Doing Business As (DBA)

If you would like to use a name other than your own, you'll need to register with the State of Hawai'i.

You'll need this documentation should you wish to accept checks made out to your DBA.

PAPERWORK

W-9

Complete and send your clients a W-9. This will help them prepare a 1099 at tax season. Any client who contracts you for \$600 or more per year is required to send you a 1099.

EXERCISE

Expenses, Income, & Hourly Rate

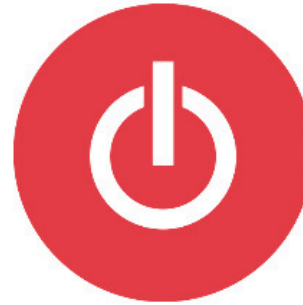
TIME TRACKING



ON THE JOB



AND CO



TOGGL



TRIGGER

PROJECT FLOW

1

CONTACT

During initial contact gather information about the client and project.

2

PROPOSAL

Write a proposal and refine until you have an agreement between client and designer.

3

CONTRACT

The client and designer enter into a formal agreement and both sign a document.

4

INVOICE

Collect payment as agreed to in the proposal/contract.

5

CREATIVE BRIEF

Write the creative brief/strategy to help the project flow.

6

DESIGN PROCESS

Undergo the design process as defined in the proposal.

7

FINAL INVOICE

Collect payment as agreed to in the contract.

8

THANK YOU

Write a thank you note expressing gratitude to your client.

9

SHARE

Add the project to your portfolio or share on social media.



Good Luck Out There!