



HOW TO START A BUSINESS STEP 6 REGISTER WITH STATE AND FEDERAL TAX ENTITIES

1. Getting and FEIN/EIN

Partnerships and all businesses organized under one of the “formal” legal structures are required to obtain and use a **Federal Employer’s Identification Number** (also called either a **FEIN or EIN**). This number is issued by the Internal Revenue Service (IRS). For a business operating as a sole proprietorship with no employees, the owner can choose to use his or her Social Security number as the identification number for its tax filings and financial accounting.

(See Stop #4 – Determining Your Business Structure for additional information, pros and cons, and types of business structures).

All businesses with employees, including sole proprietorships, are required to obtain and use a **FEIN/EIN**. The number can easily be obtained from the IRS.

- A. Go to <https://www.irs.gov/>
- B. Click ‘Apply for an Employer ID Number (EIN)’
- C. Click ‘Apply Online Now’
- D. Follow the steps on the form, making sure to choose the correct business classification.
- E. Once completed, you will be able to print your IRS letter which includes your EIN.

Note: Application for an EIN is different for corporations needing to establish nonprofit, tax exempt status. For additional information on how to obtain and EIN for nonprofit corporation, [click here](#).

2. Employee Income Tax and Other Payroll Benefit Withholdings

New businesses in Oklahoma, who have employees, are required to set up several accounts with different agencies to ensure proper payment of taxes and withholdings.

a. Oklahoma State Taxes

The business must have an account with the Oklahoma Tax Commission (OTC) for withholding and remitting sales income taxes from the wages and salaries paid to their employees.

[Click here to the OTC website and forms for setting up this account.](#)

b. Oklahoma Unemployment Taxes

Businesses must also set up an account and withhold and remit state unemployment taxes from the earnings of the employees to the Oklahoma Employment Security Commission.

The [OESC](#) website has excellent resources and videos to help guide you through this particular part of the process.

c. Worker's Compensation

Employers are required to cover their employees in [Oklahoma with Worker's Compensation Insurance](#), either through a general insurance agent or through CompSource Oklahoma, a state nonprofit insurance corporation.

d. Federal Taxes

Business owners with employees are required to obtain the necessary form and set up account with the [IRS](#) to withhold and pay federal income and Social Security taxes from the wages and salaries of their employees.

3. Sales Taxes

Businesses that sell tangible items to the general public for final use (i.e. groceries, clothing, appliances and hardware stores) are considered "retail" businesses. Retail business owners in Oklahoma are not required to obtain a traditional license. However, they are required to obtain sales tax permits for their locations from the Oklahoma Tax Commission (OTC) to collect and remit sales tax revenue.

Additional special permits may also be required for selling specific items such as beer, cigarettes, and motor fuels, which are sold in large volumes at convenience stores. Wholesalers and manufacturers are required to get [exemption permits](#) regarding state sales taxes from OTC.

[Visit the OTC website for more information on obtaining a sales tax permit.](#)

Information within provided by Oklahoma Secretary of State, Small Business Resource Administration and Sand Springs Chamber of Commerce.