Notes: Items of interest in setting up a consulting firm[1]

Bank Account: Should be separate account

Zoning for home office: [varies by jurisdiction];
You may need:

Occupancy permit

Business license

Account: Quicken is sufficient; do not need Quick books

Taxes:

Local Business taxes

Federal income: Schedule C for sole proprietorship

Home office? [IRS is strict about using office for non-business purposes; read IRS restrictions before deciding to claim this.]

Depreciation of equipment: Need to use equipment for more than 50% of time for the business in order to depreciate it. If equipment stops being used for business before its useful life (as defined by IRS) is up, IRS will re-coup.

Local property taxes on equipment, etc. in some jurisdictions

Business IRA: put away pre-tax income for investment [account has to be set up and there is annual reporting you have to do to Feds separate from tax returns.]

Health insurance of self and spouse—special Federal treatment provided by IRS

Liability: If want liability insurance, my broker is Robert McClung, Georgetown Financial Services (202-686-9000)

Contracts with your clients are a good idea. Consider including a liability limitation provision such as the following that may limit your liability [consult with your own lawyer]:

"Limitation of Liability *-- In no event shall Consultant's total liability under this agreement, including any damages, losses, and causes of action (whether in contract, tort (including negligence) or otherwise) exceed the total amount paid to Consultant by [client] for work performed under this agreement. The provisions of this paragraph shall survive expiration and termination of this agreement."*

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[1] These suggestions are based on my experience and do not constitute legal advice. You should consult with your own lawyer.