

2

BUSINESS REGISTRATION AND LICENSING

Step- by- step Explanation of the Licensing Process

CONTRIBUTORS The Department of Small and Local Business Development |
The Department of Consumer and Regulatory Affairs | The Alcoholic Beverage Regulation Administration

The process of obtaining licenses and registrations can be streamlined if you know what you need and where to find it. This chapter will help you navigate your way through the process of business regulations.

All businesses and corporations operating in DC are required to be licensed and or registered by the Department of Consumer and Regulatory Affairs (DCRA). Additionally, DCRA issues permits. Within DCRA, the Business and Professional Licensing Administration issues business and professional licenses and registers corporations. Walk-in customers are welcome to visit DCRA's Business License Center. The Business License Center serves walk-in customers that wish to file corporate documents, apply for various licenses, or need filing applications. The Permit Center is responsible for issuing construction, plumbing, electrical, and HVAC permits in the District of Columbia. Both centers provide face-to-face technical assistance which aids residents and businesses within the District of Columbia.

Please visit DCRA's website to view services offered:

- Registration forms and documents
- Answers to frequently asked questions
- Business name availability tool

WDCEP ON YouTube

Search **Business Registration and Licensing** at www.youtube.com/wdcep1495



VISIT THE DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS (DCRA)

1100 Fourth Street SW
Washington, DC 20024
202.442.4400 | dcra@dc.gov | @DCRA

Metro:

Closest stop is Waterfront on the Green Line

Hours of Operation:

Monday, Tuesday, Wednesday and Friday from 8:30 am–4:15 pm; Thursday from 9:30 am–4:30 pm

7 STEPS TO OBTAIN YOUR BUSINESS LICENSE

1. Employer Identification Number (EIN)
2. Certificate of Occupancy (CRA-5)
3. DC Business Tax Identification Number
4. Certificate of Registration
5. Clean Hands Certificate
6. Basic Business License
7. Business Trade Name

WDCEP TIP

For more specific information about whether or not you are required to obtain an EIN, you should refer to IRS Publication 1635. You can obtain a copy of the publication online at www.irs.gov.

- Registered organization search
- Corporate online formation services, report filings, name reservation and trade name filings and status certificates ordering

If you would like to operate in the District of Columbia as a nonprofit, for-profit corporation, limited liability company, limited partnership, limited liability partnership, general cooperative association, limited cooperative association or statutory trust, you must register with the Corporations Division of the Department of Consumer and Regulatory Affairs.

To register as a domestic company, you must file for articles of incorporation (for-profit or nonprofit corporations), articles of organization for Limited Liability Company or statement of qualification for partnership.

To register as a foreign company (if your business is already registered outside the District of Columbia), you must file for certificate of authority (for-profit or nonprofit corporations) or certificate of registration for a Limited Liability Company.

DC Department of Consumer and Regulatory Affairs

202.478.9292 | @DCRA | www.dcra.dc.gov

THE LICENSING PROCESS STEP-BY-STEP

Step 1

Employer Identification Number (EIN)

An EIN (also known as Tax Identification Number (TIN)) is a nine-digit number assigned by the Internal Revenue Service (IRS). The IRS uses the number to identify business taxpayers who are required to file various tax returns. EINs are used by employers, sole proprietors, partnerships, corporations, nonprofit organizations, trusts, estates of decedents, government agencies, certain individuals, and other business entities.

You will need an EIN if you answer “Yes” to any of the following questions:

- Do you have employees?
- Do you operate your business as a corporation, LLC or a partnership?
- Do you file any of these tax returns: Employment; Excise; or Alcohol, Tobacco and Firearms?
- Do you withhold taxes on income, other than wages, paid to a non-resident alien?
- Do you have a Keogh plan (a tax-deferred pension account)?
- Are you involved with any of the following types of organizations: trusts (except certain grantor-owned revocable trusts), IRAs, exempt organization business income tax returns, estates, real estate mortgage investment conduits, nonprofit organizations, farmers’ cooperatives or plan administrators?

The quickest and easiest way to apply for your EIN is online at www.brc.dc.gov (select “Start a Business”). You may also fill out a copy of IRS Form SS-4 (Application for Employer Identification Number) and apply by phone, fax or mail. This form is available at the IRS and Social Security Administration Offices, or you can request one by calling the IRS at 800.829.4933.

Step 2

Certificate of Occupancy (CRA-5)

A Certificate of Occupancy or Home Occupation Permit is required to show that your business is operating in a building that meets building and zoning code requirements for its intended use. However, you may not need one if you are leasing space in a building that already holds a Certificate of Occupancy for your intended business use. For instance, a law firm can operate under the umbrella of an office building's Certificate of Occupancy as long as the firm operates in a manner that conforms to office use.

Certain businesses, mostly Basic Business License applicants need to obtain a separate certificate if the property owner's Certificate of Occupancy does not cover their business. It's important, therefore, to ask the owner, property manager, or agent about the Certificate of Occupancy when entering into a lease agreement.

To file for a Certificate of Occupancy for your business, you must either have a commercially zoned business location or operate your business from home. Limited home occupations, with standards, are permitted as an accessory use to the principal residential use. See Section 203.1 of DCMR 11 for permitted home occupations and limitations. You may view this section and the District of Columbia's zoning regulations at www.dcoz.dc.gov/info/reg.shtm. Applications are available from the Department of Consumer and Regulatory Affairs or online at www.dcrd.dc.gov under the heading "Permits/Zoning." Once completed, you will need to submit the application in person to the Permit Service Center.

Commercial Properties Most commercially zoned properties will already have a Certificate of Occupancy. You should be able to get a copy of the certificate from the building owner or management company. If there is not a Certificate of Occupancy, you will need to apply for one. For more information, visit www.dcrd.dc.gov and choose "Permits/Zoning" to read more about the process and to obtain a Certificate of Occupancy checklist, application, and other supplemental forms that may be required.

Home-Based Properties Pursuant to DCMR Title 11 Zoning Regulations, if you own and live in your home and use this residency as your primary business location, you must file for a Home Occupation Permit (HOP). There are limitations however as you are only allowed to use the greater of either 250 square feet or 25% of the floor area of the structure, excluding the basement or any accessory structure, for your business operation. It is wise to check zoning regulations regarding all home-based businesses before applying for a HOP.

Step 3

DC Business Tax Identification Number

The FR-500 is a DC Combined Business Tax Registration document used to provide information on ownership, location, and type of business, which is needed to make a determination of an employing unit's liability to pay unemployment taxes.

Once you complete the document and submit it to the Office of Tax and Revenue, you will be provided with a notice of business tax registration indicating your tax obligations and filing frequency. This will also be the basis for your unemployment tax registration with the Department of Employment Services.

PLEASE NOTE

In the District of Columbia, you are **required to have a business location and submit a Certificate of Occupancy permit** when applying for your business license

WDCEP TIP

Tax forms can be accessed online at www.otr.cfo.dc.gov. For more information call the Office of Tax and Revenue at 202.727.4TAX.

WDCEP TIP

Requirements for license and permit fees vary greatly according to the type of companies' ownership structure.

For more information on DC licenses and permit fees, to obtain a Clean Hands Certificate, or to register a trade name, please visit the Department of Consumer and Regulatory Affairs (DCRA) at: www.dkra.dc.gov.

If you are an employer with one or more employees performing services within the District of Columbia, you are liable for unemployment taxes under the District of Columbia Unemployment Compensation Act. This includes services performed on a part-time or temporary basis. Employers of household help are also liable if they pay at least \$500 in aggregate wages in any calendar quarter for such help. Persons considered household employees include chauffeurs, cooks, gardeners, nurses, maids and baby-sitters who are at least 18 years of age.

Employers with one or more employees performing services within the District of Columbia, as described in the preceding paragraph, must complete Part VI of the Combined Registration Application (FR-500). If the form is completed online at the Office of Tax and Revenue's website (www.cfo.dc.gov/otr) Part IV will automatically be forwarded to the DC Department of Employment Services (DOES).

You will be contacted by DOES if necessary and provided with a determination of tax liability. If FR-500 is not completed online, Part IV should be submitted to:

DC Department of Employment Services,
Office of Unemployment Compensation, Tax Division,
4058 Minnesota Avenue, NE | Washington, DC 20019
202.724.7000

The withholding and submission of employer withholding tax is optional for household employees. If you choose to withhold, you should complete the Combined Registration Application (FR-500), as mentioned above.

Step 4 Certification of Registration

You will receive a Certificate of Registration from the Office of Tax and Revenue once you file your FR-500.

Step 5 Clean Hands Certificate

The Clean Hands Certificate is an affidavit stating that you do not owe more than \$100 to the District government. If you owe more than \$100 to the District government, you will need to resolve the outstanding debt before you can proceed.

A Clean Hands Certificate is required to be submitted with any application for a license or permit, including a Basic Business License (see "STEP 6" below). The form is included in the Basic Business License application packet.

Step 6 Basic Business License (BBL)

The Basic Business License, renewed every two years, carries an endorsement for each activity that requires city oversight. A BBL is needed if a business or nonprofit requires city approvals, inspections or investigations. These rules apply if you transact businesses in the District, even if your business is not located in the city.

Step 7

Trade Name Registration

The District of Columbia enacted legislation establishing a registration program for trade names. This law benefits the business community by:

- Allowing businesses to use fictitious names (created words and names) in conducting business, including transacting business with vendors and financial institutions
- Providing an official record of all owners associated with a fictitious name
- Allowing businesses with fictitious names to undertake legal action under that name

You can register your trade name online at www.dkra.dc.gov as an individual or organization, by using the “CorpOnline” link from the main site.

Trade Name Registration Form TN-1 is also available by accessing DCRA’s website and navigating to Licensing and Registration and Corporate Registration, then by clicking on the appropriate entity type. You may opt to obtain a trade name at any step in the process.

Other Licenses & Permits

Building Permits

You are required by law to obtain a permit for construction in the District of Columbia if you are going to be constructing, renovating or altering your building, home or leased premises. You may apply for permits in the Permit Service Center of the Department of Consumer and Regulatory Affairs.

Please note that other agencies (e.g. Department of Health, the District Department of Transportation and DC Water) are tied into the permitting process and have their own respective approval requirements. If you need further assistance, or have multiple permits, contact the DCRA, Building Permit Customer Service Section at 202.478.9292.

You need a permit for:

- New construction and foundations
- Additions, alterations, or repair of existing buildings
- Razes (demolition), interior or partial demolition
- Erection of a sign and awning
- Layout of interior space for tenants in new or existing commercial buildings
- Change of use

DCRA | Building Permit Customer Service Section | 202.478.9292 | www.dkra.dc.gov
(Search “DCMR Title 12 Chapter 1” online for the entire list of required permits.)

Building Plats

Building plats—drawings showing the location of all property lines—are required as the basis for all additions and new buildings. An original and three copies can be obtained on a fee basis from the District Office of the Surveyor. You are encouraged to place your order a minimum of seven days in advance; although an expedited plat service is available. Plats show lot lines but do not show improvements which must be added by applicant.

WDCEP TIP

Businesses can now apply for permits online via DCRA’s website. Go to www.dkra.dc.gov and click on *online permit application*. You can also file your construction permit online.

Plats are required for the following types of work:

- New buildings, additions
- Retaining walls, fences
- Sheds, garages
- Awnings

Site plans are required for:

- New buildings, additions, interior and exterior alterations
- Retaining walls, sheds, garages
- Excavation for foundations

Public Space Permits

A Public Space Permit is required to use or install structures on public space—the area between the building or property line and the curb (restaurants with outdoor sidewalk seating will need to apply for the Sidewalk Café Permit). You are required to complete an application for Public Space Permits in order to:

- Construct sidewalks, alleys, flagpoles, fountains, planter boxes, retaining walls, fences, and any other improvements in public spaces
- Excavate in public space to construct foundations
- Occupy public space temporarily for construction equipment

Water or Sewer Excavation Permits

You must complete an application for Water or Sewer Permits to:

- Install water or sewer pipes
- Make connections to existing water and sewer mains in the street
- Excavate for water meters and meter vaults in public space

Supplemental Systems Installation Permits

Licensed contractors are required to complete an application for Supplemental Systems Permits in order to install:

- Air conditioning and refrigeration
- Plumbing fixtures
- Electrical fixtures

Floor plans, elevations, cross-sections, and detailed drawings are required in various combinations for all proposed construction, except for razes. You will need a building permit before submitting supplemental plan permits. Permits for simple projects can be issued over the counter in half an hour, while more complex projects may require from 14 to 30 days for completion of reviews.

SMALL BUSINESS RESOURCE CENTER (SBRC)

The Small Business Resource Center (SBRC), a partnership between the Department of Small and Local Business Development (DSLBD) and the Department of Consumer and Regulatory Affairs (DCRA), provides District-based small businesses and

THE SBRC NETWORK OF CENTERS LOCATIONS

Department of Small and Local Business Development

Small Business Resource Center
441 4th Street NW, Suite 970N
Washington, DC 20019
202.727.3900

Department of Consumer and Regulatory Affairs

Small Business Resource Center
1100 4th Street SW, 2nd Floor
Washington, DC 20024
202.442.8170

Services are by appointment only. To register for SBRC offerings, please visit dcbiz.ecenterdirect.com.

entrepreneurs with training, consulting and technical assistance. Service offerings include one-on-one technical assistance; pro-bono legal services; access to computers and business planning software; workshops on starting, managing, financing, and growing a business; and assistance navigating regulatory issues. The SBRC also provides regular updates about small business opportunities and referrals to other small business resource providers in the area.

ALCOHOLIC BEVERAGE CONTROL LICENSING

The Alcoholic Beverage Regulation Administration (ABRA) issues licenses to qualified applicants to serve or sell alcoholic beverages; monitors compliance with the law and regulations; and takes appropriate enforcement action when a business violates DC alcoholic beverage laws. ABRA implements new laws regulating the manufacturing, distribution and sale of alcoholic beverages in the District.

ABRA operates under the authority of a seven member Alcoholic Beverage Control (ABC) Board that sets parameters for the agency. ABRA is an independent DC government agency.

There are several classes of ABC licenses. Requirements for licensure vary greatly according to the type of establishment planned. We recommend that you consult with an ABRA representative to first determine the type of license application needed, as determined by the proposed activities of the establishment. Additionally, we recommend that you discuss your proposed location with an ABRA representative to ensure that a license for your location is not prohibited by an existing ABC license moratorium. Once your license is approved, your establishment and/or location are considered Board approved.

To file for an ABC License:

1. Consult "Quick Facts" and the "ABC Licensee Handbook" online or call an ABRA representative to determine the type of license application needed
2. File for a DC business tax number at the Tax Registration Counter in the One Stop Business Center of the Office of Tax and Revenue
3. Submit required application(s)
4. Await a 45-day placard period

Additionally, the Board is authorized to conduct a background investigation including a criminal history record check on the applicant. A routine application, with no protests, will take approximately twelve weeks for approval, including the 45-day placard period and final inspections.

202.442.4423 | www.abra.dc.gov