



Barbara Brabec's World

It's All About *LIFE*, Folks!

BarbaraBrabecProductions.com

Crafts Business Start-Up Tips

by **Barbara Brabec**

This collection of timeless articles, previously published on Barbara's first domain, was adapted from two of Barbara's best-selling books: (*Handmade for Profit* (© 1998; 2002) and *The Crafts Business Answer Book* (© 1998; 2006)).

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Starting a Home Business? Talk to Loved Ones First

ANY BUSINESS RUN AT HOME will be stressful at times, but much more so if you don't have support and encouragement from those you love. You may have total privacy from the world in your own home, but not from your family.

Your children, spouse, or partner—as well as friends and relatives—are going to constantly intrude into your daily work schedule, and it's really tough to tactfully tell your adult siblings, mother, or mother-in-law that you're too busy to visit with them. It will help a lot if you talk to your loved ones before you even begin your business, explaining to them what you want to do and what they might have to do (or give up) to help you reach your goals.

Let everyone know that you have established a work schedule for yourself and ask that you not be disturbed during those hours. You may be surprised by the support you'll receive once you have started your business and shown your family and friends how serious you are about what you're doing.

Your family should also be involved in the decision about where you are going to set up your office, studio, or workshop, where supplies and materials will be stored, and so on. If you're tight on space, make room for what you want to do by changing the way you live. You have space somewhere—the trick is to use it efficiently without greatly inconveniencing any other member of the family.

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You Can't Ignore the "Nitty-Gritty Legal Stuff"

CREATIVE PEOPLE rarely want to hear this, but a certain amount of "nitty-gritty legal stuff" goes hand in hand with even the smallest homebased business. There's no sense in starting a business if you're not going to pay attention to all the rules and regulations that apply to even the smallest business at home. To do this, you'll probably have to adjust your attitude a bit.

"But I just want to make a little extra money," you might say. "I don't want to mess with all this legal stuff." If that's how you feel, you might as well go back to your knitting, or whatever it is that you love to do and were hoping to make money from.

Even if your financial goals are small, it's important to develop a professional attitude right from the start because your attitude will have everything to do with the amount of money you'll make. If you just want to make "extra money," that's all you'll ever make.

But if you need to contribute to the family income, you will change your attitude accordingly and get more serious about what you're doing. At that point, your chances for making a real profit will increase dramatically. In your business journal in your planning area, make a firm statement about your attitude about money and what you'd like to do with your craft earnings.

Don't be scared by the idea of "business." It's easy to hide behind the excuse of just wanting to make extra key, but many crafters do this because they are simply afraid of the unknown. While it's natural to be fearful of what you don't know, the good news is that craft business basics are very easy to learn.

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Business Bookkeeping: Records That Will Keep the IRS Happy



IT'S WELL AND GOOD to fear the IRS, but it's not difficult to make them happy if you keep the right kind of business records. Surprisingly, you may use any type of bookkeeping system you wish, so long as you avoid "comingling of funds." That means you need a separate checking account for your business. *You must not deposit crafts income into your regular*

checking account or write business-related checks from that account. If you choose to ignore this IRS ruling, you run the risk of losing all the tax deductions previously taken on your Schedule C tax form, and you'll have to pay additional taxes as a direct result.

Note that you do not need an expensive business checking account, but merely a separate account through which you can run all business income and expenditures. *If you open a second personal account for your small business, just put your name on it—ONLY your personal name, not your husband's name or the name of your business.* This will be sufficient for IRS record keeping purposes and keep your bank costs low. These checks will cost less if they are ordered from a service such as [Checks in the Mail](#).

Many home businesses use single-entry bookkeeping systems that keep paperwork, figure work, and headaches to a minimum while still providing all the information needed to properly manage a business and prepare accurate tax returns. Very small businesses may find that all they need is a standard record-keeping book such as the *Dome Simplified Monthly*, which can be found in any office supply store. There are also a wide variety of easy-to-use

accounting packages that will make your bookkeeping fun. (Many crafters have told me they love QuickBooks.)

P.S. Did you know that “bookkeeping” is the only word in the English language that has three double letters in a row?

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How to Work Around Restrictive Zoning Laws

IF YOU HAVEN'T DONE IT ALREADY, learn where you stand by reading a copy of your community's zoning regulations, either at city hall or in your city library. Find out what zone you're in and read the section that pertains to home occupations.

If you're already in business and think you may be operating illegally, do *not* use your home or business phone number to get this information from City Hall because municipal numbers have Caller ID that will track back to your home business.

If you rent, or live in a condominium or town house, be sure to check your lease, apartment regulations, or condominium covenants for any clause that may prohibit a homebased business. A business in one unit of a co-op apartment, for example, can affect the tax-deductibility aspects of others in the building. So even if local zoning ordinances aren't a problem, this sort of thing could stop you dead in your tracks if your business activity involves the sale of products or people coming and going. On the other hand, if you are selling your products on the Web and no one is coming to your home to pick up products, who is to know you're running a business at home unless you tell them?

One of my readers shared this helpful perspective: “I live in a condominium association that forbids any work at home, but my writing and Webmaster duties bother no one, so I continue to work and I am not telling anyone what I do. I have a Mail Boxes Etc. account and I use that address for all business, including my business license (even though my state says you shouldn't do this).”

Regardless of laws to the contrary, I and many others believe we all have a right to do whatever we wish in our own home *so long as we do not bother any of our neighbors or do anything to change the nature of our neighborhood*. If you are generating income from a website and have no customer traffic into your home, I suggest you continue to do what you feel you must do and don't discuss your work with neighbors. What you do on your computer should be nobody's business but your own.

If you know you are in violation of zoning laws, and choose to operate illegally, you do need to plan on the possibility that you might someday be brought to the attention of local authorities and forced to cease business

operations. Although there have been exceptions, people are rarely fined for zoning violations unless they persist in the operation of a business after they've been warned to stop.

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Licenses and Permits

A Tip from *The Crafts Business Answer Book*

WHAT'S THE DIFFERENCE BETWEEN a license and a permit? Do you need one or the other?

A **license** is a certificate granted by a government agency that gives one permission to legally engage in a business, occupation or activity. Depending on the type of business you plan to operate, you may need a license from certain municipal or county agencies. Food-related businesses, for example, are subject to special restrictions and inspections by both local and state health departments. If you work with flammable materials, you may need some kind of permit or official okay from the Fire Department. If your business causes the release of any materials into the air or water (even a ceramic kiln), you may need approval from the local environmental protection agency.

A **permit** is similar to a license, except it is granted by local authorities. Some communities require a permit for almost everything while others require it only for businesses that involve food, direct selling and home shops. In years past, permits were rarely required for small craft businesses. Now, however, many communities see homebased entrepreneurs as a great source of extra revenue. So, depending on where you live, you might have to pay between \$15-\$200 for a "home occupation permit" that contributes to community coffers but does absolutely nothing for you.

If a license or permit is required and you operate without it, you run the risk of discovery, which could lead to a fine or an order to cease your business. No one goes around checking to see who has a license and who doesn't, but authorities sometimes discover unlicensed businesses by checking state sales tax returns and resale licenses, or they might read about a crafter's homebased business in the local newspaper and check their records to see if the business is registered. Call your city or county clerk for more information on this topic.

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Register Your Business Name or Risk Losing It

A Tip from *The Crafts Business Answer Book*

IN THE U.S., registration of a business operated under any name other than your own is required by law because a fictitious name must be connected to the name of an individual who can be held responsible for the actions of a business. Moreover, if you like the name you've given your business, the only way to protect it is to register it locally. Otherwise, anyone can take it from you simply by registering your business name in connection with theirs.

Some states require registration even when one's real name is part of the business name, so you'll need to check this on your own. Simply call your city or county clerk (depending on whether you live within or outside city limits). Since registration of a business name is a simple and inexpensive matter, take care of it today.

Already started your business? Don't worry about your failure to register earlier even if you've been in business for some time, because the form you have to complete won't ask for the date your business was started. When you register, be sure to ask when you have to renew the registration of your name because you won't be notified. You should also register your business name with the state (call your state capital) to prevent its use by any corporate entity. To protect your name and business logo on a national level, consider filing a trademark.

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Resale Tax Number

An excerpt from *The Crafts Business Answer Book*

ALL SELLERS OF GOODS must obtain a resale tax number (also called a "sales tax number," "tax registration number," "seller's permit," and other similar names) from their state's Sales Tax Bureau, Department of Taxation and Finance. (Hobby sellers are not exempt from this law, regardless of how few sales they make.) Your reseller's permit (or "tax exemption certificate") will bear the special number that identifies you as one who is qualified to buy goods in the wholesale market without paying sales tax. Always take your tax certificate with you when you exhibit and sell in any show since a tax agent may ask to see it. (If you sell at shows in more than one state, you will need a separate tax exemption certificate for each of those states, and there will be a fee for this.)

Your resale (or sales) tax number doesn't entitle you to avoid sales tax on small purchases of supplies at the local hardware store or crafts shop, but it does enable you to avoid paying sales tax on wholesale purchases of supplies that will be used to make products for sale. When considering

whether to sell to you or not, your resale tax number is the first thing a wholesaler will want from you.

Should Your Handcrafted Work Be Perfect?

CRAFTSMEN IN INDIA believe that nothing but God is perfect. If they see that something they have created has no flaws, they will deliberately make it imperfect in some small way.

Being “perfect” and being exceptionally well made are two different things entirely. The real beauty of a handcrafted object is the fact that it is not perfect. And it is the small imperfections that convinces one that an object was actually created by human hands, not machinery. The bubbles in glass are proof positive that a living, breathing human being created it; the chisel marks on a carving tell you this piece was not produced by machinery; the slight irregularity of one stoneware plate from another proclaims that hands—not machines—formed their shape.

Just something to think about the next time you find yourself trying too hard to achieve “perfection.”

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BARBARA LAUNCHED BarbaraBrabec.com in 2000 and quickly began to populate it with home-business articles and resources. Over the years she added hundreds of articles on several other topics related in one way or another to the larger topic of LIFE.

Now, LIFE itself is Barbara’s focus. Unlike her original website, her new domain launched in 2021 features only her own writing—new content and an archive of timeless and relevant articles in fourteen life-related categories, all updated and reformatted for republication on the all-new [“Barbara Brabec’s World.”](#) It reflects Barbara’s current writing interests, latest books, and professional services.

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