

WHAT IS A BUSINESS? AM I IN BUSINESS? AM I A BUSINESS?

It would be extremely difficult to come up with one single definition of what a business is. Even if one could, that definition would have to be so long and complicated that understanding it may be difficult.

Perhaps the best way to answer that question is by asking two basic questions:

1. DO YOU PROVIDE A PRODUCT FOR COMPENSATION?
2. DO YOU PROVIDE A SERVICE FOR COMPENSATION?

If you answered “YES” to Question #1, then you are in business. *You are a business.*

If you answered “YES” to Question #2, please see #5, “COMPENSATION,” below.

Some general indicators of whether you are in business or whether you are a business:

1. **MONEY:** It is **not** a question of how much money you are making or even if you are making any money. If you provide a product or service for compensation, then you are in business. You are a business.
2. **OWNERSHIP:** If you have incorporated or if you have created another separate legal entity such as a LLC, LLP, LP, etc. to provide a product or service for compensation, then you are in business. You are a business.
3. **TRADE NAME:** If you use a trade name to provide a product or service for compensation, then you are in business. You are a business.
4. **SELF-EMPLOYED:** If you are self-employed, then you are in business. You are a business.
5. **COMPENSATION:** If your compensation is reported through a W-2 then you are an employee, not in business or a business. However, if your compensation is reported through a 1099 Form, or if there is no reporting of your income by any IRS form, then you are in business. You are a business.
6. **ASSETS:** The amount of assets (personal property) used in the conduct of a business does not determine if you are in business. The amount of assets (personal property) used in the conduct of a business need not be many or even valuable. Depending upon the particular business you are in, the assets (or personal property) could range from a few hundred dollars to millions of dollars.
7. **ADVERTISING:** If you are advertising a product or service for compensation, then you are in business. You are a business.
8. **RENTING SPACE:** If you rent or lease a space to provide a product or service for compensation, then you are in business. You are a business.
9. **HOME OCCUPATION:** Even if you do not rent or lease space, if you provide a product or service for compensation from your home, then you are in business. You are a business.
10. **SALES TAX:** If you have a Sales Tax Number or if you collect sales tax, then you are in business. You are a business.
11. **TIME:** You do not need to be providing a product or service 24/7 in order to be in business or to be a business. Some businesses are seasonal. Some businesses are part-time. Some businesses are very part-time.