Register with State and Federal Tax Entities

1. **Getting an 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 [www.irs.gov](http://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 an EIN for a 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 state income taxes from the wages and salaries paid to their employees.

      [Click here to the OTC web site and forms for setting up this account.](http://www.irs.gov)

   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 web site has excellent resources and videos to help guide you through this particular part of the process. [Click here to go to that page of their web site.]

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. [Click here to visit the Oklahoma Workers Compensation Commission web site.]

D. Federal Taxes
Business owners with employees are required to obtain the necessary form and set up accounts with the IRS to withhold and pay federal income and Social Security taxes from the wages and salaries of their employees. To see the IRS’s guide for small businesses and to set up an account [click here.]

3. Sales Tax
Businesses that sell tangible items to the general public for final use (i.e. groceries, clothing, appliance 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) and 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 web site for more information on obtaining a sales tax permit.]