

An Ezine
for women
of all ages

Ruby

For Women

...her worth is far above rubies
Proverbs 31:10



Ask Sue from Indiesmiles

Building a Home-Based Craft Business

<http://www.indiesmiles.com>

(the following is an excerpt from Sue's article in the
May / June issue of Ruby for Women)

Q) I have been thinking of using a portion of my house for a place to teach crafts to others as a business! Can you please give me the pros and cons to this idea?

A) ***Opening a business out of your own home can be very tricky.***

First of all, most homes are not zoned for commercial use, although that often means that we can still run certain types of businesses out of our home. For example, we could probably use our home computers to sell crafts or to give lessons online and know that this would be fine, nor would the town that you live in care very much. But if you are going to run a full-fledged business from your home with a need for signs, local advertising, etc. your town or city hall will want you to inform them and get their approval first. That will mean that you will need to go to the city hall and apply for a license to teach crafting from home. In some cities or town halls, this may not be a big deal at all, yet others will be very strict. They may have many requests.

You may even, sadly, find out that your home will need to be zoned for commercial use in order to do teach crafts as a business! The reason for this is due to the neighborhood in which you live. They may not want cars coming and going out of your street, etc. The town hall may not allow this to occur at all in your neighborhood, and you only can find out if you inquire. Now, if you are zoned for commercial use, you then still need to apply for signage, for the type of use of your business, etc. But you will find that having a commercial zoned home will be the best scenario of all.

It may not seem fair, because your neighbor down the street could have an active Ebay business, with higher sales dollars exchanging hands than the business that you are thinking of, but quite honestly, no one may ever even know about the Ebay business because there is no "traffic" or "signage" involved! That doesn't mean that you don't need a license. Everyone who is running a business from their house should contact Uncle Sam (and you can do this online) and obtain an EIN number. This is what you will use to claim the income (or loss) from your taxes. Then, depending on your town or state, you will need to apply for local and state licensing.

You'll generally need your federal ISN number to apply for the local taxes. It doesn't cost anything to obtain an EIN number from the [federal government](#), but it can cost you to obtain your local or state tax licensing. Plus, your state may require you to file local sales taxes. If state taxes are applicable, then you will need to charge your customers for sales taxes. What is funny, is that if you have an online shop, you will only need to charge sales taxes to those people whom you are shipping to that reside within your state (the to: mailing address). So, if you live in Pennsylvania, for example and you send something to the state of California you do not have to charge sales tax, but should you send something that someone purchased and they live in Pennsylvania, then your sales tax will apply.

You won't want to miss the rest of Sue's article which will be available in the May / June issue of Ruby for Women, which will be published the first week of May, 2010. Be sure to visit Sue at Indiesmiles www.indiesmiles.com and celebrate indie artisans from around the world.