

## How to form a publishing company/imprint

For many authors, self-publishing is a hobby or “test the waters” endeavor – but when it becomes a business, it needs to be set up and run like a business. In most U.S. states, it’s neither difficult nor expensive to form a publishing company and imprint.

A publishing *imprint* is simply the trade name under which a publishing company releases its books. For example, Harper Collins publishes books using more than a dozen different imprints (including Amistad, Avon Books, Ecco Press, Harper, William Morrow, and Zondervan) in order to build unique brand identities within various genres and market sectors. As a self-publishing author, you would most likely establish only one imprint (at least initially).

Forming your own publishing company and imprint can be a relatively simple process if you establish the business as a “sole proprietorship.” This beacon will explain the *six basic steps* you’ll need to take to form your own publishing company and imprint (which can often be done within a couple of hours). First, however, it’s important to understand what a sole proprietorship is, and why it is generally recommended for authors who are self-publishing for the first time.

### The Sole Proprietorship

A sole proprietorship is an unincorporated entity owned by *one* person (hence, the term “sole”). It is the most common form of business ownership in the U.S. The key feature of this structure is that the law makes no distinction between the sole proprietor (the owner of the business) and the business itself. They are considered one in the same for both legal and income tax purposes (unlike a corporation or partnership, which are distinct entities that exist separate from their owners). This unique feature makes a sole proprietorship the fastest, easiest, and least expensive form of business to create, and the simplest to maintain.

Note: If you share ownership of your publishing business with someone else, then your business cannot be set up as a sole proprietorship. If you incorporate the business, it cannot be a sole proprietorship.

As a sole proprietor, you can conduct business under your own name or under a trade name. For example, if your name is John Dough, you can conduct business as John Dough Publishing, or you can create an imprint name such as Doughboy Books (assuming the name isn’t already being used).

A sole proprietorship can hire employees and contractors, just like any other business. However, because the law makes no distinction between the sole proprietor and the business, the proprietor is not considered an employee of the business (an important factor if self-publishing is a part-time endeavor and you have a regular “day job”).

Operating as a sole proprietor avoids double taxation. If your publishing imprint is created as a separate legal entity like a corporation, it has to file and pay *corporate* income taxes on any profits it earns. If you then take a portion of those profits for yourself, you have to pay *personal* income taxes on that amount. (So you essentially pay income tax twice on the same money earned from book sales – first as a business entity and again as an individual.) As a sole proprietor, all of your business income is considered personal income, and is reported on your personal income tax (using Schedule C on form 1040). Therefore, it is taxed only once – and (of course) you only have to file a personal tax return (which you do already), and that’s much cheaper and easier to prepare than a corporate tax return.

Another advantage of the sole proprietorship is that you can deduct not only your business expenses – i.e., all the costs that go into publishing and marketing your book (including any pre-publishing services provided by [Lighthouse24](#)) – but also your business losses (within certain limits). Further, if you are married and file a joint tax return, your business losses can be used to offset your spouse’s income. This may reduce your family’s total income tax burden and be particularly useful during the start-up phase of your new publishing enterprise (when you have up-front expenses to prepare and launch your first book before you have any revenue from sales).

The principle disadvantage of a sole proprietorship is that the owner has unlimited liability (again, this is because the law makes no distinction between the owner and the business). This means if the business is sued or incurs debts that it cannot repay, the owner is personally liable. That's one of the main advantages of a corporation – it is a legal entity that's distinct and separate from the owner, and the owner's (stockholder's) liability is limited (to the amount invested).

Many websites advise self-publishers to utilize a relatively new type of business structure called a Limited Liability Company (LLC) – stating that it offers all the advantages of a sole proprietorship, plus (as the name implies) limited liability. While this is technically true, it isn't necessarily what happens in actual practice.

A newly formed LLC has no credit history, so unless the owner pays a hefty up-front fee to establish a solid line of credit with a financial institution, the business will not be able to incur any debt on its own anyway. Therefore, the owner will have to personally guarantee repayment of any financial obligations (much like a co-signer), which then makes the owner personally liable for the company's debt.

Similarly, if someone has a reason to sue the LLC, they will also name the owner in the lawsuit and then attempt to establish (successfully, in most cases) that the LLC and owner are really one in the same, and that whatever the business did to prompt the litigation was actually the result of a decision the owner made personally. If lawsuits are a real concern, the self-publishing author should consult with a legal or financial expert to implement asset protection measures, and should also consider purchasing an insurance policy that covers errors and omissions or “media perils.”

It costs more up-front to create an LLC or a corporation than it does a sole proprietorship – and unlike a sole proprietorship, LLCs and corporations in most states are required to pay annual registration and filing fees, franchise taxes, and business property assessments that can range from hundreds to thousands of dollars. So in the majority of cases, the real-world advantage of “limited liability” isn't worth the higher cost and complexity that goes with it – at least, not when the business is just starting up.

Finally, if you have a “day job” (i.e., if self-publishing isn't your only source of income) and you are ever injured or laid off, the fact that you are the owner/officer of another business entity (like an LLC or corporation) can disqualify you from receiving benefits. With a sole proprietorship, however, the business is not a separate legal entity (you and the business are one in the same, and you are not an employee of the business), so operating as a sole proprietor keeps you from risking the unemployment, health care, and insurance benefits you may receive from a regular full time job.

Once your publishing business grows, then you will want to consider incorporating in order to have limited liability (especially if you hire employees) and to gain some additional financial advantages that corporations enjoy. To start with, however, it's usually better to keep it simple.

## Six Basic Steps

The formation of any new business enterprise is governed by state law, so the exact process for forming a sole proprietorship varies from state to state. However, here are the six basic steps you'd follow to form your own publishing imprint.

**1. *Select and research your imprint name*** – As noted before, you can do business under your own name or under a trade name (a publishing imprint). If you choose a publishing imprint, you'll want to make sure the name is not a registered trademark, is not being used by another publishing-related business, and is not being used by another business in your state, county, or city. These searches can normally be conducted on-line (although the city/county search may require a trip to your county clerk's office or city hall if your local business filings are not accessible via the Internet).

**2. *Establish an address to use for business purposes*** – You can use your home address as a business address (unless your community has covenants or restrictions that prohibit that), however, most self-publishing authors prefer to rent a post office box, business mail box, or establish virtual office mailing address. These solutions can be relatively inexpensive (\$50 to \$100 a year), and they offer greater privacy, security, and stability than a home address. Some virtual office packages provide a prestigious business address and telephone number with messaging services (although these options will cost more).

**3. *Register your business/imprint name*** – As already noted, the exact process for forming a sole proprietorship varies from state to state. In *most* states, you can conduct business as a sole proprietor under your own name without any kind of formal registration. If you want to use an imprint name to do business, most states require that you file a trade name registration, fictitious name, or “DBA” (doing business as) certificate with your county clerk (the fee is for this is usually modest – \$8 to \$25).

However, some states require that all new businesses be registered with a state authority. The table at the end of this article offers additional information about each state's requirements. Some jurisdictions require special business permits or licenses, but in most cases a self-publishing author will not be conducting any type of business operation that necessitates these (nevertheless, always check your local regulations).

**4. Obtain an Employer Identification Number (EIN)** – Even though you won't be hiring employees right away, you want to obtain an EIN from the IRS. It is the equivalent of a Social Security Number for your business, and obtaining one will allow you to use it as the tax ID for all business transactions (instead of using your SSN). Again, it's mainly a privacy and security measure for now, but if you ever do want to hire employees or contractors for your business, you'll need it for that, too. You can apply for an EIN online through the IRS (it's free).

**5. Set up a business checking account** – Most banks will require that your business/imprint name be registered according to the laws of your state, and that you have an EIN. With those two things in hand, you are ready to open a commercial account at your favorite bank. This is the account you will use to pay business expenses, and into which profits from book sales will be deposited. If you intend to sell books yourself, you'll likely want to link this account to a PayPal merchant services account (rather than linking your personal bank account – again, for privacy and security reasons).

**6. Obtain a Sales Tax and Use permit** – Different states have different laws regarding sales tax, but in general, if you offer goods for sale that are subject to a state sales tax (and books are in most states), then you must collect the tax due on goods that are sold and delivered within your state, and remit it to the appropriate taxing authority. So, if your state has a sales tax and you intend to sell books yourself (in person, via a website, etc.), then you must obtain a permit to collect that tax. If your state doesn't have a sales tax, or if you don't intend to sell your books yourself, then you can skip this step. It's important to understand that sales tax is a tax on the buyer/consumer (not on you, the seller). The tax is added to the price of the book, collected by you (the seller), and passed on to the state. Most states allow a small business to report and pay the sales tax it collects either quarterly or annually (depending on the sales volume), and the forms and processes are usually very, very simple (so don't let this step scare you away from selling books).

Once you've completed these steps, you are officially in business and ready to visit the RR Bowker website (the ISBN agency for the United States) to set-up a new publisher account and to purchase a block of ISBNs. You can also set-up an account with CreateSpace or other print service providers using your new business name, address, EIN, and bank account.

## U.S. Business Start-Up Filing Requirements by State

Attention: The embedded hyperlinks in the table below may lead to state government websites, or to third-party commercial websites that are not affiliated with [Lighthouse24](#). Many of these sites offer paid services (some questionable) that are definitely *not* recommended by [Lighthouse24](#). Consequently, these links should be used for research and information purposes only, and **should not be considered an endorsement of any kind**.

State	Filing Requirements
Alabama	Alabama does not require registration or filing of fictitious names for sole proprietorships and general partnerships. Corporations, LLCs, LLPs, and limited partnerships register an assumed name as part of their required business filings with the Alabama Secretary of State.
Alaska	When organized or certified in Alaska, the names of the following entity types are registered automatically: corporations, limited liability companies, limited liability partnerships, limited partnerships, cooperatives, non-profit corporations, foreign or domestic, and Alaska religious corporations, professional corporations or BIDCOs. Visit <a href="#">Registering a Business Name in Alaska</a>
Arizona	<b>Trade Name Registration</b> – The registration of trade names is not legally required in Arizona but is an accepted business practice. Business names, also known as DBAs, can be filed with the Office of the Secretary of State.
Arkansas	A Doing Business As (DBA) Certificate is required for any sole proprietorship or general partnership operating under a fictitious name or names other than the owners. There is a nominal fee that varies from county to county. The DBA Certificate records the full name and address of the business owner and the fictitious name and is kept on file at the county clerk's office. To do a business name search for a sole proprietorship or partnership, contact the county clerk's office in the county where the business is located. To do a business name search for a corporation, contact the Arkansas Secretary of State's office, 1-888-233-0325.
California	When a business name is different from the owner(s) full legal name(s), sole proprietorships and general partnerships must file a Fictitious Name Statement with the <a href="#">county government</a> where the business will be conducted. Corporations, LLCs, LLPs, and limited partnerships register an assumed name as part of their required business filings with the California Secretary of State. *Any person who executes, files, or publishes a DBA knowing that such a statement is false, is guilty of a

	misdemeanor and, if convicted, can be fined.
Colorado	Certain items are required from the registrant when filing a DBA in Colorado. The applicant must provide the name and address of the business or the name under which the business is conducted if it is different. The applicant must also provide the nature of the business. Visit <a href="#">Register a Colorado Trade Name Online</a>
Connecticut	Corporations, LLCs, LLPs, and limited partnerships register an assumed name as part of their required business filings with the <a href="#">Connecticut Secretary of State</a> . If your business is a sole proprietorship, you do not need to register your business with the state.
Delaware	For sole proprietorships and general partnerships, Fictitious Name Certificates are registered in the Superior Court Prothonotary's office in the county in which you are doing business: <a href="#">New Castle County – Fictitious Name Certificate</a> Kent County – call for form (302) 739-3184 Sussex County – call for form (302) 856-5742 Corporations, LLCs, LLPs, and limited partnerships register an assumed name as part of their required business filings with the Delaware Secretary of State.
District of Columbia – Washington D.C	The District of Columbia allows you to <a href="#">register</a> and use a business name (trade name) different from your true name, if you are an individual, or from your corporation, partnership, or company name. You do not need to register the name used for your corporation, partnership, or LLC as your trade name; it is considered as your true name.
Florida	Without a Florida DBA ('Doing Business As Florida') or Fictitious name, your Florida business is required to operate under your personal name or names of your partners. Florida State law requires that you file the proper paperwork in order to not only operate under another name, but even to open a bank or checking account in a name other than your own! Required for all businesses. Visit the Florida Division of Corporations, <a href="#">Online Fictitious Name Registration</a>
Georgia	When a business name is different from the owner(s) full legal name(s), sole proprietorships and general partnerships must register fictitious trade names with the <a href="#">Clerk of Superior Court</a> in the county where business will be conducted. Corporations, LLCs, LLPs, and limited partnerships register an assumed name as part of their required business filings with the <a href="#">Georgia Secretary of State, Corporations Division</a> .
Guam	<a href="#">Rules for the Use of Fictitious Names in Guam Certificate of Transacting Business Under a Fictitious Name</a>
Hawaii	<a href="#">Trade Name Registration</a> – Guidelines, forms and fees.
Idaho	Idaho Secretary of State – <a href="#">Assumed Business Name Registration Forms</a>
Illinois	When a business name is different from the owner(s) full legal name(s), the Illinois Assumed Name Act requires sole proprietorships and general partnerships to register with their local county clerk's office. Corporations, LLCs, LLPs, and limited partnerships register an assumed name as part of their required business filings with the Illinois Secretary of State.
Indiana	In Indiana fictitious names are registered with the County Recorder's office in the county where your principal place of business is located.
Iowa	When a business name is different from the owner(s) full legal name(s), sole proprietorships and general partnerships to register with their local County Recorder's office. Corporations, LLCs, LLPs, and limited partnerships register an assumed name as part of their required business filings with the Iowa Secretary of State.
Kansas	Kansas does not require registration or filing of DBAs or fictitious names for sole proprietorships and general partnerships. Corporations, LLCs, LLPs, and limited partnerships register an assumed name as part of their required business filings with the Kansas Secretary of State.
Kentucky	Corporations, a non-profits, LLCs and partnerships (limited, or limited liability) must register with the <a href="#">Kentucky Secretary of State</a> . Sole proprietorships should file an assumed name certificate with the county clerk's office where the business is located.
Louisiana	If your business is a corporation, a non-profit, a limited liability company or a partnership (limited, or limited liability) you must register with the <a href="#">Louisiana Secretary of State</a> . Sole proprietorships should file a <a href="#">trade name certificate</a> with the Secretary of State.
Maine	The <a href="#">Maine Division of Corporations</a> files nonprofit and business corporations, limited partnerships, limited liability companies, limited liability partnerships and marks. There is no provision under Maine law for filing trade names of sole proprietorships or general partnerships at the state level. If you are operating your business as a sole proprietor, under a trade name, or as a general partnership you are required by Maine law to file with the municipal clerk where your business is located.
Maryland	A fictitious name filing, also known as Doing Business As or DBA, allows you to create name for your business that is different than your personal name, the names of your partners or the officially registered name of your LLC or corporation. <a href="#">Trade Name Application</a> [PDF Document] <a href="#">Business Registration and Trade Name FAQ</a> Answers to frequently asked questions about registering your business in Maryland.
Massachusetts	Massachusetts requires anyone who is conducting business under an alias (i.e., any name other than their own), including corporations, to file a business certificate ("doing business as") in the community where their business is principally headquartered
Michigan	When a business name is different from the owner(s) full legal name(s), sole proprietorships and general partnerships to register with their local county clerk's office. Corporations, LLCs, LLPs, and limited partnerships register an assumed name as part of their required business filings with the Michigan Secretary of State.

Minnesota	Minnesota Secretary of State – <a href="#">Assumed Name Registration</a>
Mississippi	Mississippi statute requires that any that every business enterprise operating under an assumed name must register that name in the city or town in which it is located. If you incorporate, become a limited partnership or limited liability company, the name of the business would be registered with the Mississippi Secretary of State.
Missouri	Missouri Secretary of State – <a href="#">Online Registration of Fictitious Name</a>
Montana	Montana Secretary of State – <a href="#">Application for Reservation of Name</a> <a href="#">Application for Registration of Assumed Business Name</a>
Nebraska	Nebraska Secretary of State – <a href="#">Application for Registration of Trade Name</a>
Nevada	When a business name is different from the owner(s) full legal name(s), sole proprietorships and general partnerships to register with their county government. Corporations, LLCs, LLPs, and limited partnerships register an assumed name as part of their required business filings with the Nevada Secretary of State.
New Hampshire	New Hampshire Secretary of State – <a href="#">Trade Name Registration Forms</a>
New Jersey	When a business name is different from the owner(s) full legal name(s), sole proprietorships and general partnerships to register with the <a href="#">county clerk office</a> where business will be conducted. Corporations, LLCs, LLPs, and limited partnerships register an assumed name as part of their required business filings with the New Jersey Department of State.
New Mexico	The State of New Mexico does not require that a business register its use of a trade name
New York	When a business name is different from the owner(s) full legal name(s), sole proprietorships and general partnerships to register with the county clerk office(s) where business will be conducted. Corporations, LLCs, LLPs, and limited partnerships register an assumed name as part of their required business filings with the New York Department of State.
North Carolina	<a href="#">Certificate of Assumed Name</a> Includes links to online forms that are to be filed at your County’s Register of Deeds Office in which your business is conducted.
North Dakota	North Dakota Secretary of State – <a href="#">Trade Name Registration</a>
Ohio	Ohio Secretary of State – <a href="#">Trade Name Registration</a>
Oklahoma	Oklahoma Secretary of State – <a href="#">Trade Name Registration</a>
Oregon	Oregon Secretary of State – <a href="#">Assumed Name Registration</a>
Pennsylvania	Pennsylvania Dept of State – <a href="#">Application for Registration of Fictitious Name</a> <a href="#">Guidelines for Fictitious Names</a>
Puerto Rico Puerto Rico (continued)	Businesses in Puerto Rico can both register their trademark and a trade name (i.e. fictitious name) through the Department of State’s Registry of Marks and Commercial Names: <a href="#">Registro de marcas y nombres comerciales</a> (Registry of marks and commercial names).
Rhode Island	When a business name is different from the owner(s) full legal name(s), sole proprietorships and general partnerships to register with the city or town government where business will be conducted. Corporations, LLCs, LLPs, and limited partnerships register an assumed name as part of their required business filings with the Rhode Island Secretary of State.
South Carolina	<a href="#">Adopting a Fictitious Name in South Carolina</a> – Answers to frequently asked questions from the South Carolina Secretary of State.
South Dakota	South Dakota Secretary of State – <a href="#">Fictitious Business Name Registration</a>
Tennessee	Tennessee does not require registration or filing of DBAs or fictitious names for sole proprietorships and general partnerships. Corporations, LLCs, LLPs, and limited partnerships register an assumed name as part of their required business filings with the Tennessee Secretary of State.
Texas	In Texas, if the business will operate as a sole proprietorship or a general partnership, an Assumed Name Certificate or d.b.a. (doing business as) for each name (or deviation of that name) the business will use must be on file with the county clerk in each county where a business premise will be maintained. All businesses operating in Texas as limited partnerships, registered limited liability partnerships, limited liability companies, corporations, professional corporations, nonprofit corporations, and professional associations must register with the Secretary of State.
U.S. Virgin Islands	Lieutenant Governor of the Virgin Islands – <a href="#">Certificate for Registration of Trade Name</a>
Utah	In Utah, registration of assumed business names, often called “DBA” (Doing Business As) is required of all businesses that are not corporations, limited liability companies or limited partnerships: <a href="#">Business Name Registration / DBA Application</a>
Vermont	Vermont Secretary of State – <a href="#">Trade Name Registration Form</a> [PDF Document] For small businesses. <a href="#">Trade Name Registration Information</a> All business types. Includes information on incorporation.
Virginia	If business is conducted in Virginia under a name other than the legal business name, an assumed or fictitious name certificate must be filed in the Office of the Clerk of the Circuit Court in each county or city where business is to be conducted. In addition, if the entity is a limited partnership, a limited liability company, or a corporation, it must obtain a copy of each fictitious name certificate, attested by the Clerk of the Circuit Court where the original was filed, and file it with the Clerk of the State Corporation Commission.

Washington	Washington State Dept of Licensing – <a href="#">Trade Name Registration</a>
West Virginia	West Virginia Secretary of State – <a href="#">Trade Name Registration</a>
Wisconsin	State of Wisconsin – <a href="#">Registration of Firm Name (aka “Doing Business As”)</a>
Wyoming	Wyoming Secretary of State – <a href="#">Trade Name Registration</a>

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