



# Guide to Starting a Business



City of Chicago  
Richard M. Daley

CHICAGO  
**DBA**

Department of  
Business Affairs and Licensing



## Message from the Mayor

“As Mayor of the City of Chicago, I know that businesses are the heart of Chicago’s ongoing economic growth and prosperity. The City of Chicago *Department of Business Affairs and Licensing* is committed to growing vibrant businesses in every community by providing existing and emerging entrepreneurs the assistance, education and resources they need to succeed.” ■



### Department of Business Affairs & Licensing (DBA)

121 N. LaSalle St. Room 805  
Chicago, IL 60602  
312-74GOBIZ/744-6249  
[www.cityofchicago.org/businessaffairs](http://www.cityofchicago.org/businessaffairs)

***Business Assistance Center Hours:***  
8:30 am–4:30 pm  
***Customer Service Phone Hours:***  
8:00 am–5:00 pm

# Getting Started

To prepare yourself before applying for a City of Chicago business license, you must first decide what type of business you are interested in starting. Prepare a business plan that will suit your short and long term goals.

We encourage you to visit DBA online for more information on business planning, connecting with resources and other important information to help you in being successful.

## 3 SIMPLE STEPS to obtain a business license

### STEP 1

- Determine your business entity

### STEP 2

- Register with the appropriate government branch

### STEP 3

- Apply for a City of Chicago Business License

One of the first decisions you will have to make as a business owner is how the business will be structured. You must select a business entity that is right for your business.

This guide will help you through that process by giving you a brief overview of each business entity. It will also provide you with important registration information and walk you through the business license application process.

## Entity Type • Description:

### ■ Sole Proprietor

---

Most small businesses start out as sole proprietorships because this is the simplest type of business organization to establish for an individual starting a business. Under this structure you simply need to comply with any applicable licensing requirements and obtain a “Doing Business As” certificate if you plan to operate under an assumed name (a name that is not your own). There is nothing else you need to do. This is a good structure if risks and liabilities of your business are low.

### ■ Partnership

---

In a Partnership, two or more people share ownership of a single business. Like proprietorships, the law does not distinguish between the business and its owners. While a partnership agreement is not necessary it is strongly advised to clearly set out each partner’s contribution/involvement in the business and what will happen in the event of liquidation.

### ■ Limited Liability Company (LLC)

---

The LLC is a relatively new type of hybrid business structure that is now permissible in most states. It is designed to provide the limited liability features of a corporation and the tax efficiencies and operational flexibility of a partnership. The owners are members, and the duration of the LLC is usually determined when the organization papers are filed.

### ■ “C” Corporation

---

A corporation, chartered by the state in which it is headquartered, is considered by law to be a unique entity, separate and apart from those who own it. A corporation can be taxed; it can be sued; it can enter into contractual agreements. The owners of a corporation are its shareholders.

The shareholders elect a board of directors to oversee the major policies and decisions. The corporation has a life of its own and does not dissolve when ownership changes. The primary advantage of a corporation is that it provides its shareholders with a right to participate in the profits without any personal liability.

### ■ “S” Corporation

---

Owners who want the limited liability of a corporation and the “pass-through” tax-treatment of a partnership or a sole proprietorship will often make the S-Corporation election.

**Each business entity has its own legal and tax considerations, you can find out more about them under “Business” at [www.irs.gov](http://www.irs.gov) or visit the “Small Business Planner” at [www.sba.gov](http://www.sba.gov).**



## STEP 2 • Register With The Appropriate Government Branch

### ILLINOIS SECRETARY OF STATE

#### *Register a new Corporation, LLC or Partnership*

If you plan to do business as a legal entity in Illinois, the first thing you should do is form a corporation, limited liability company (LLC) or partnership by registering with the Illinois Secretary of State. You can file a new corporation, LLC or partnership online, by mail, or in person. If you currently have a corporation, LLC, or partnership in another state you must register with the Illinois Secretary of State as a Foreign Corporation to conduct business in Illinois.

**[www.sos.state.il.us](http://www.sos.state.il.us)  
312-793-3380  
69 W. Washington, Suite 1240  
Chicago, IL 60602**

### ILLINOIS DEPARTMENT OF REVENUE

#### *Register for an Illinois Business Tax Number (IBT)*

If you plan to hire employees, buy or sell products at wholesale or retail, or manufacture goods, you will need an Illinois Business Tax (IBT) number. You can obtain an IBT number by registering for the Illinois Retail and Occupation Tax. To register your business and receive your Certificate of Registration and IBT number, you can apply online, by mail or in person.

**[www.tax.illinois.gov](http://www.tax.illinois.gov)  
217-785-3707  
100 W. Randolph, Concourse Level  
Chicago, IL 60601**

### INTERNAL REVENUE SERVICE

#### *Obtain an Employer Identification Number (EIN)*

An Employer Identification Number (EIN) is also known as a Federal Tax Identification Number, and is used to identify a business entity. Generally, businesses need an EIN. If you operate your business as a “C” corporation or an LLC, you are required to obtain an EIN to file and pay any federal tax obligation. You may register for an EIN with the United States Internal Revenue Service (IRS) online, by mail or in person.

**[www.irs.gov](http://www.irs.gov), 1-800-829-4933  
230 S. Dearborn, 24th Floor  
Chicago, IL 60601**

### COOK COUNTY ASSUMED NAMES

#### *Obtain an Assumed Name Certificate For Sole Proprietors Only*

If you are a sole proprietor or a partnership and you conduct business in Illinois under an assumed name (a name other than your own) file for an Assumed Name Certificate with Cook County. A list of current business names is available. An Assumed Name must appear in a local newspaper under Legal Notices for three consecutive weeks. Corporations and LLCs must register an assumed name with the Illinois Secretary of State.

**[www.cookcityclerk.com](http://www.cookcityclerk.com)  
312-603-5652  
118 N. Clark St., Concourse Level  
Chicago, IL 60602**

Every business in the City of Chicago requires a business license, unless the business is exempted by State law. DBA has close to 70 different types of business licenses for various business activities such as a restaurant, day care center, or a gas station, just to name a few. The majority of businesses in Chicago receive a **Limited Business License**. This license covers many business activities that are not covered under a specific license category.

### ■ How to Apply

---

Applying for a business license is easy. Applications are accepted in person, by mail or online (online applications are currently being accepted for the retail sector only). See the inside cover for mailing address and business hours.

You are encouraged to schedule an appointment ahead of time. Applications for liquor and amusement licenses will be taken by appointment only. You may make an appointment online at [cityofchicago.org/businessaffairs](http://cityofchicago.org/businessaffairs), or by calling 312-74-GOBIZ/744-6249.

### ■ Request a Business License Application

---

The first step in applying for a business license is to complete a Business Information Sheet (BIS). The information you provide on the BIS form allows a DBA Business Consultant to create a customer account and a business license application. Your Business Consultant will help you determine what type(s) of license(s) you will need based on your business activity. BIS forms are available online at [cityofchicago.org/businessaffairs](http://cityofchicago.org/businessaffairs).

### ■ Be Prepared to Provide the Following License Requirements

---

- A detailed description of your business activity
- The exact business address
- Name of your business entity and ownership information
- Identification—A valid drivers license, voters registration card, state identification card or another official photo identification
- Federal Employers Identification Number (EIN)
- A State of Illinois Business Tax (IBT) Number

Additional documents may be required depending on the type(s) of license(s) required for your business. Refer to [cityofchicago.org/businessaffairs](http://cityofchicago.org/businessaffairs) for additional information. Every business location requires a separate business license.

### ■ Zoning Approval

---

Part of the Business License application process requires zoning approval. The Department of Zoning (DOZ) is required to review and approve each license application. Being approved by zoning ensures that your business activity is permitted in the zoning district in which you are located. Once you apply for a license, a business consultant will electronically send your information to the DOZ for approval. You can also check the zoning classification of your business location ahead of time at [cityofchicago.org/zoning](http://cityofchicago.org/zoning).

## ■ Register for Chicago Business Taxes \_\_\_\_\_

Depending on your business activity, you may be required to apply and/or register for one or more of Chicago's business taxes. Your DBA Business Consultant will register you for any City taxes you are required to pay at the time of application. For additional information regarding City taxes please visit the Department of Revenue at [cityofchicago.org/revenue](http://cityofchicago.org/revenue).

## ■ License Application Filing Fee \_\_\_\_\_

Once your application for a business license is complete, including approval from the DOZ, you may pay your license fees. The fees will vary based on the type of license(s) you are applying for. Your DBA Business Consultant will let you know your fees once you receive an application.

Any outstanding debts to the City, by the business owner or any officer of the corporation, must be paid before a license can be issued. These debts may include outstanding parking tickets, child support payments, building violation fees, business license fees from a previously held license, or Illinois State Sales Tax owed.

## ■ License Inspections \_\_\_\_\_

Certain types of businesses require that the establishment undergo and pass an inspection from one or more City departments. Common inspections include the departments of Buildings, Fire Prevention and Food Protection. You should be prepared for any inspection when you file your written application. You may check the status of an inspection by contacting your Business Consultant. ***To help you prepare, DBA offers a monthly inspection training workshop on the first Wednesday of every month. Visit [cityofchicago.org/businessaffairs](http://cityofchicago.org/businessaffairs) for the monthly workshop calendar.***

In the event that the business did not pass any or all of the inspections, it is imperative that all violations are corrected. The business owner should contact their DBA Business Consultant or the inspecting department(s) to arrange a re-inspection.

## ■ License Approval \_\_\_\_\_

After inspections are completed and approved, licenses are printed by the Office of the City Clerk and mailed to the business location. Business license(s) must be posted in a conspicuous location within the business establishment.

## ■ Renewing Your Business License \_\_\_\_\_

At the end of your business license term, you will receive a renewal reminder notice in the mail. You are encouraged to renew online, but may also renew in person or by mail. Any outstanding debt to the City must be paid at the time of renewal. Be sure to renew before the expiration of your business license to avoid a 25% late fee.

## ■ Operating a Business Without a License \_\_\_\_\_

The City of Chicago Municipal Code mandates that no business activity may take place without first obtaining the required license(s). A pending license application does not allow you to operate. Failure to comply can result in enforcement action. Many businesses operating as a Not-for-Profit Corporation require a City of Chicago business license. To find out more, ask a DBA Business Consultant.



## Educate Yourself

### DBA Free Business Education Workshops

Learn the essentials of operating a successful business.

Classes range from:

- Starting a business
- Writing a business plan
- Marketing your business
- Obtaining financing
- Developing a website
- Preparing for your business inspections
- Competing for a city contract

Workshops are offered twice a week at City Hall, 121 N. LaSalle Street, Room 805.

Visit DBA online for the monthly workshop calendar at [cityofchicago.org/businessaffairs](http://cityofchicago.org/businessaffairs).

## Notes:

---

---

---

---

---

---

---

---

---

---



## Click & Connect: DBA is Doing Business Online

- Apply for a new business license
- Renew a business license
- Schedule an appointment with a Business Consultant
- Download forms and business guides
- Obtain information about starting a business
- Look up a business license
- Connect with business resources
- Visit interactive web tools
- Find business education workshops
- Learn about upcoming events
- Email us your questions
- Get the latest business news

For these services and more visit  
[www.cityofchicago.org/businessaffairs](http://www.cityofchicago.org/businessaffairs)

CHICAGO  
**DBA**

DEPARTMENT OF BUSINESS AFFAIRS & LICENSING  
*MOVING BUSINESS FORWARD*

**Department of Business Affairs and Licensing**

121 North LaSalle Street

City Hall, Room 805

Chicago, Illinois 60602

312-74-GOBIZ (744-6249)

[www.cityofchicago.org/businessaffairs](http://www.cityofchicago.org/businessaffairs)