



Starting a Business in Columbia, SC: Complete 2026 Checklist

Everything You Need to Launch Successfully and Stay Protected

Congratulations on starting your business in Columbia, SC! The Midlands region offers a low cost of doing business, access to a skilled workforce from USC and technical colleges, and support from organizations like the Columbia Chamber of Commerce and City Office of Business Opportunities. However, 20% of new businesses fail in their first year, and 50% within five years; often due to legal compliance issues and inadequate insurance coverage. This checklist ensures you don't become a statistic.

Legal Foundation (Weeks 1-2)

- Choose your business structure and register with SC Secretary of State**
Example: Decide between sole proprietorship, LLC, S-Corp, or C-Corp. Most small businesses choose LLC for liability protection. File Articles of Organization online at scsos.gov (\$110 filing fee). Processing typically takes 24 hours online vs. 2-3 days by mail.
Consequence if skipped: Operating without legal registration means no liability protection. You're personally liable for ALL business debts and lawsuits. Creditors can seize your home, car, and personal bank accounts.
Benefit: Proper registration creates legal separation between you and your business. LLCs shield personal assets from business liabilities. Plus, it's required for opening business bank accounts and obtaining licenses.

- Obtain Federal Employer Identification Number (EIN)**
Example: Apply for free at irs.gov. Takes 5-10 minutes online and you receive your EIN immediately. This is your business' social security number; for tax purposes. Required if you have employees or form an LLC/corporation.
Consequence if skipped: Can't open business bank accounts, apply for licenses, hire employees, or file business tax returns. The IRS will assess penalties and interest on any taxes owed without proper identification.
Benefit: Free and instant. Separates business and personal finances for tax purposes. Protects your personal SSN from being used in business transactions. Required for virtually all business activities.

- Register for SC business taxes and sales tax permit**
Example: Register at sctax.org for sales tax collection (if selling taxable goods/services), withholding tax (if you have employees), and other state taxes. Most businesses need a Retail License (\$50) if collecting sales tax.



Consequence if skipped: SC Department of Revenue will assess back taxes, penalties of 5% per month (up to 25%), plus interest. Criminal charges possible for intentional tax evasion. Your business can be shut down for non-compliance.

Benefit: Legal operation and compliance with state tax laws. Ability to collect and remit sales tax properly. Avoids costly penalties and maintains good standing with the state.

Apply for Columbia/Richland County business license

Example: Apply at businesslicensing.columbiasc.gov or 1339 Main Street. Requires zoning approval, fire marshal inspection, and building inspection for physical locations. Fees vary by business type and size. License year runs May 1 - April 30; renewals due annually.

Consequence if skipped: Operating without a license is illegal. Columbia assesses penalties and can shut down your business immediately. You can't legally conduct business, sign contracts, or obtain other permits without it.

Benefit: Legal authorization to operate in Columbia. Required for signing leases, opening business accounts, and purchasing business insurance. Demonstrates legitimacy to customers and partners.

File Beneficial Ownership Information (BOI) report with FinCEN

Example: New requirement under Corporate Transparency Act. All businesses registered after 1/1/2024 must file within 90 days of formation. Report ownership info of anyone with 25%+ stake. File free at fincen.gov. Businesses formed before 1/1/2024 had until 1/1/2025 deadline.

Consequence if skipped: Federal penalties of \$500 PER DAY for non-compliance, up to \$10,000. Potential criminal penalties of up to 2 years imprisonment for willful violations. This is a new federal requirement many businesses don't know about.

Benefit: Federal compliance. Free to file. Protects against money laundering accusations. Takes 20 minutes. Update only when ownership changes. Avoids massive daily penalties.

Essential Business Insurance (Week 3) - CRITICAL STEP

Insurance is not optional. It's the difference between a setback and bankruptcy. 40% of businesses without insurance never reopen after a disaster or lawsuit.

Secure General Liability Insurance (\$1M minimum)

Example: Covers third-party bodily injury, property damage, personal injury, and advertising injury. Most policies cost \$400-1,200 annually for small businesses. Required by virtually all commercial leases, contracts, and professional clients.



Consequence if skipped: A customer slips in your office and breaks their hip. Medical bills: \$85,000. Lost wages lawsuit: \$120,000. Legal defense: \$45,000. Total: \$250,000 out of YOUR pocket. Without insurance, you'll likely file bankruptcy and lose everything.

Benefit: Complete protection from common business risks. Most commercial leases REQUIRE proof of GL insurance before you can sign. Costs less than \$100/month. One claim pays for decades of premiums.

Obtain Workers' Compensation Insurance (if 4+ employees) - LEGALLY REQUIRED

Example: SC law MANDATES workers' comp for businesses with 4+ employees (including part-time and family members). Covers medical bills and lost wages for work injuries. Costs average \$1.41 per \$100 of payroll in SC. Even if you have fewer than 4 employees, it's strongly recommended.

Consequence if skipped: Operating with 4+ employees without workers' comp is ILLEGAL in SC. State can seize business assets to cover injury claims. Fines of \$100/day. Criminal charges possible. One employee injury lawsuit can cost \$500,000+ without coverage.

Benefit: Legal compliance. Employees cannot sue you for workplace injuries (except gross negligence). Coverage pays all medical bills and 2/3 of lost wages. Protects you from devastating personal liability.

Purchase Commercial Property Insurance (if you own/lease physical space)

Example: Covers your building (if owned), equipment, inventory, furniture, computers, and supplies against fire, theft, vandalism, and weather damage. Most policies cost \$500-3,000 annually depending on value. Often required by commercial leases and lenders.

Consequence if skipped: Fire destroys your office. You lose \$150,000 in equipment, inventory, and furniture. Your landlord sues for \$80,000 in building damage. Total loss: \$230,000. Without insurance, you're bankrupt and out of business.

Benefit: Full replacement of all business property and equipment. Landlords typically require it. Combined with liability insurance in a Business Owner's Policy (BOP) for 15-20% savings.

Add Business Interruption Coverage to your property policy

Example: Pays lost income and fixed expenses (rent, payroll, loans) when you're forced to close due to covered events (fire, storm, etc.). Typically covers 6-12 months. Costs only \$200-500 annually when added to property insurance.

Consequence if skipped: Hurricane damages your building. Repairs take 4 months. Property insurance rebuilds the facility, but you have ZERO income while still owing \$15,000/month in rent, payroll, and loans. You deplete savings and close permanently.



Benefit: Replaces lost income during closure. Pays ongoing expenses so your business survives disasters. Allows you to retain employees and reopen smoothly. The difference between temporary closure and permanent failure.

Secure Commercial Auto Insurance (for any business vehicles) - LEGALLY REQUIRED

Example: SC requires minimum \$25,000/\$50,000 bodily injury liability + \$25,000 property damage for business vehicles. CRITICAL: Personal auto policies EXCLUDE business use. Also need Hired & Non-Owned Auto coverage if employees drive personal vehicles for business.

Consequence if skipped: Your employee causes accident during delivery. Their personal insurance denies the claim (business use exclusion). Victim sues YOU for \$600,000 in medical bills and lost wages. Without commercial coverage, you're personally liable for the full amount.

Benefit: Legal compliance for business vehicles. Coverage extends to hired and employee-owned vehicles. Protects against devastating accident liability. Required by law and most clients/contracts.

Purchase Professional Liability / Errors & Omissions Insurance (for service businesses)

Example: Essential for consultants, accountants, IT services, architects, engineers, real estate agents, financial advisors, and any professional service provider. Covers claims of negligence, mistakes, or failure to deliver. Even defending frivolous lawsuits costs \$100,000+.

Consequence if skipped: Client claims your accounting error cost them \$400,000 in IRS penalties. Legal defense costs \$150,000. You lose and owe another \$400,000 in damages. Total: \$550,000. Without E&O insurance, you file bankruptcy.

Benefit: Covers legal defense and judgments for professional mistakes. Most clients REQUIRE proof of E&O coverage before engaging services. Costs typically \$500-3,000 annually depending on profession and revenue.

Add Cyber Liability Insurance (if you handle ANY customer data)

Example: Covers data breaches, ransomware attacks, customer notification costs, credit monitoring, legal fees, regulatory fines, and business interruption from cyber incidents. Essential if you store names, addresses, emails, payment info, or ANY personal data. 61% of small businesses face cyberattacks.

Consequence if skipped: Hackers breach your customer database. SC law requires you notify all affected customers. Notification costs: \$40,000. Credit monitoring: \$35,000. Legal fees: \$60,000. Regulatory fines: \$50,000. Total: \$185,000. No coverage means bankruptcy.

Benefit: Complete protection from ransomware and data breaches. Covers ransom payments, forensic investigation, customer notification, legal costs, and regulatory fines. Costs \$1,000-3,000 annually for most small businesses.



Consider Employment Practices Liability Insurance (EPLI) - if you have employees

Example: Covers lawsuits from employees alleging wrongful termination, discrimination, harassment, retaliation, or wage disputes. Even if you win, legal defense averages \$75,000. Recommended for all businesses with 5+ employees.

Consequence if skipped: Terminated employee sues for discrimination (even though unfounded). Legal defense: \$85,000. Case drags on 20 months, damaging reputation and morale. Jury awards employee \$200,000. Total cost: \$285,000 uninsured.

Benefit: Covers defense costs and settlements for employment lawsuits. Includes access to HR hotlines for prevention. Costs \$800-2,500 annually. One claim justifies a lifetime of premiums.

Purchase Flood Insurance (separate from property insurance) - CRITICAL IN COLUMBIA

Example: Standard property insurance EXCLUDES flood damage. Columbia experienced major floods in 2015 and Hurricane Helene in 2024. Purchase NFIP or private flood coverage (\$400-1,200 annually). 30-day waiting period before coverage begins.

Consequence if skipped: Flood damages your business (happened to hundreds in 2015 and 2024). Property insurance denies claim (flood exclusion). You receive ZERO insurance money. Business closure is permanent. Many Columbia businesses learned this the hard way.

Benefit: Only way to insure against floods. Protects building and contents. SBA disaster loans still require repayment insurance doesn't. Don't wait for a storm forecast (30-day waiting period).

Financial Setup (Week 4)

Open a business bank account

Example: Choose a bank in Columbia (First Citizens, Wells Fargo, TD Bank, etc.). Bring your EIN, business license, and Articles of Organization. Most banks offer free business checking. Open both checking and savings accounts.

Consequence if skipped: Mixing personal and business finances can pierce the corporate veil, destroying your liability protection. Courts can hold you personally liable for business debts. IRS may disallow business expense deductions.

Benefit: Clear separation of business and personal finances. Easier tax preparation and bookkeeping. Maintains liability protection. Professional appearance for customers. Required for accepting credit cards.



Obtain a business credit card

Example: Apply for a business credit card separate from personal cards.

Builds business credit history. Offers cashback or rewards on business purchases. Provides expense tracking and employee card options.

Consequence if skipped: No business credit history means difficulty obtaining loans or lines of credit later. Personal credit cards used for business can jeopardize liability protection and complicate taxes.

Benefit: Builds business credit score. Separates business expenses for tax deductions. Earn rewards on business spending. Many offer 0% intro APR for startup expenses.

Set up accounting and bookkeeping system

Example: Use QuickBooks Online, Xero, or FreshBooks (\$15-50/month).

Track all income and expenses from day one. Connect bank accounts for automatic transaction import. Hire a bookkeeper or accountant if needed.

Consequence if skipped: Poor financial records lead to missed tax deductions, cash flow problems, and IRS audits. 82% of business failures are caused by cash flow mismanagement. You can't manage what you don't measure.

Benefit: Real-time visibility into financial health. Easy tax preparation. Identify profitable vs. unprofitable products/services. Make data-driven business decisions. Automated invoicing and payment tracking.

Operations & Compliance (Ongoing)

Create essential business contracts and agreements

Example: Develop customer contracts, vendor agreements, independent contractor agreements, and employee offer letters. Use LegalZoom, Rocket Lawyer, or hire a local Columbia business attorney. Have an attorney review critical contracts.

Consequence if skipped: Verbal agreements are unenforceable. Customers refuse to pay, claiming different terms. Vendors deliver wrong products with no recourse. Contractors claim they're employees (costly misclassification). You lose thousands in disputes.

Benefit: Clear expectations prevent disputes. Written contracts are enforceable in court. Protects payment and intellectual property rights. Demonstrates professionalism to clients and partners.

Register any required professional licenses

Example: Many professions require state licensing: contractors, electricians, plumbers, cosmetologists, accountants, real estate agents, insurance agents, etc. Check SC Department of Labor, Licensing & Regulation (llr.sc.gov) for your profession.



Consequence if skipped: Operating without required professional licenses is **ILLEGAL**. Subject to fines, criminal charges, and cease-and-desist orders. Cannot obtain insurance or bonding. Customers can refuse payment for illegal services.

Benefit: Legal authorization to practice your profession. Required for insurance, bonding, and client contracts. Demonstrates competence and professionalism. Protects public and builds trust.

Join local business organizations

Example: Columbia Chamber of Commerce, SCORE Midlands (free mentorship), SC Small Business Development Center (free consulting), Women's Business Center (if applicable), City of Columbia Office of Business Opportunities.

Consequence if skipped: Miss out on networking, mentorship, training, and resources. Struggle alone with problems others have solved. Limited access to contracts, customers, and growth opportunities.

Benefit: Free or low-cost mentorship from experienced business owners. Networking leads to customers and partnerships. Access to training, certifications, and government contracting opportunities. Community support during challenges.

Develop your brand and online presence

Example: Create logo, business cards, and website. Register domain name and social media handles. Set up Google Business Profile for local search. Ensure consistent branding across all platforms.

Consequence if skipped: Customers can't find you online (80% research businesses online first). Unprofessional appearance loses sales to competitors. Missing from Google Maps means missing local customers.

Benefit: Professional image attracts customers. Online presence essential for modern business. Google Business Profile is FREE and drives local traffic. Social media provides free marketing channel.

Ready to launch? Don't skip the insurance step!

Contact us for a free business insurance consultation.

We'll help you identify exactly which coverages your Columbia business needs, ensure you meet all legal requirements, and provide competitive quotes from top carriers.

Protect your dream before you open your doors.