

How to Start a Business as an Independent Contractor



What is an Independent Contractor?

An independent contractor is someone who works for themselves and provides services to other businesses or individuals under a contract. They create a business opportunity using the knowledge, skill, and experience they already have.

What Are the Pros and Cons of Becoming an Independent Contractor?

On the plus side, you are your own boss—you set your own rate, choose your clients, control your costs, and can tailor your business to your lifestyle. However, you will need to find your own clients, you will not receive any benefits from employers, you will need to obtain proper licenses, permits, and insurance, and you will be responsible for estimating and paying your own taxes.



Recommendations for Setting up an Independent Contractor Business:

- Decide on your business structure (sole proprietorship, LLC, partnership, etc.).
- Obtain a tax ID number (EIN is recommended).
- Register a fictitious business name.
- Obtain a business license.
- Obtain any permits associated with your business.
- Establish a separate bank account for your business (for payments).
- Obtain a Business Tax License (a.k.a. Seller's Permit or Sales Tax License) if applicable.
- Purchase business insurance.
- Create a website for your business.
- Advertise your business.

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