



## Doing Business As (DBA)

In the U.S., a DBA lets the public know who the real owner of a business is. The DBA is also called a Fictitious Business Name or Assumed Business Name. It got its origins as a form of consumer protection, so dishonest business owners can't try to avoid legal trouble by operating under a different name.

A company is said to be "doing business as" when the name under which they operate their business differs from its legal, registered name. Some states require dba or fictitious business name filings to be made for the protection of consumers conducting business with the entity. If you're starting a sole proprietorship or a partnership, you have the option of choosing a business name or dba ("doing business as") for your business. If you want to operate your business under a name other than your own (for instance, Lily Smith doing business as "Lily's Flowers & Cookies"), you may be required by the county, city or state to register your fictitious name. (Note: No fictitious business name may include the words "corporation," "Inc.," "Incorporation" or "Corp." unless it's a corporation registered with the Secretary of State.)

Procedures for filing for a fictitious name vary among states. In some states, you also have to place a fictitious name ad in a local newspaper for a certain amount of time. In most states, corporations don't have to file fictitious business names unless the corporations do business under names other than their own. Incorporation documents have the same effect for corporate businesses as fictitious name filings do for sole proprietorships and partnerships.

### **Should I obtain a Tax Identification Number for my DBA?**

When you start a business, you will need to identify it with either (1) your Social Security number or (2) a tax identification number also known as an "Employer Identification Number (EIN)," or "Federal Tax Id Number (FEIN)." Most people obtain a tax identification number because it simplifies separating business and personal affairs.

### **Do You Need a DBA?**

In general, there are two reasons why a business in the U.S. will need to get a DBA:

1. For sole proprietors: If you're operating your business as a sole proprietor, then you'll need to file for a DBA if your business has a different name than your own name. Let's say you've started a gardening business called Spring Flowers Gardening; you'll need to file for a DBA for "Spring Flowers Gardening."

There are a few other details to know. In some cases, you don't need a DBA if your business name is a combination of your name and a description of your product or service. In this case, if your business was called Nellie Akalp's Gardening Service, you may not need a DBA. But, if it's just my first name (aka Nellie's Gardening Service), then a DBA is required.

2. For corporations and LLCs: If you have filed to become a corporation or LLC, then you've already registered your business name and don't need a DBA. However, you will need to get a DBA if you plan on conducting business using a name that's different than the name filed with your LLC/corporation paperwork.

For example you incorporated your business as Spring Flowers Gardening. Your business will need to file a DBA in order to operate under "SpringFlowersGardening.com" or "Spring Flowers." Likewise, if you opened a Garden Shop, you'd need a DBA for "Spring Flowers Garden Shop." In short, you'll need a DBA to operate with any kind of variation of your original name.

3. When a registered entity, such as a corporation or LLC, plans on doing business in a large number of states (or even just a few), the differences among state laws and rules concerning the entity name can have a big impact on what the company is called in a given state. It can be difficult, especially if the company is registering to do business ("qualifying") in a large number of states, for the company to use the same name it uses in its home state in every registration.

## **The Importance of a DBA**

1. It's the easiest way to register your name: If you're a sole proprietor, then filing for a DBA is going to be the simplest and least expensive way to use a business name. You can create a separate professional business identity, without having to form an LLC or corporation. And for sole proprietors, a DBA is required in order to open a bank account and receive payments in the name of your business.

2. For LLCs or corporations, a DBA will let you operate multiple businesses without having to form a separate LLC or corporation for each business. Let's say your business wants to expand into multiple websites, stores, restaurants, services, etc. You can create a corporation with a relatively generic name and use a DBA for each individual business. This will cut down on your paperwork and expenses when you're operating multiple projects.

3. Keeps your business compliant: If your business is an LLC or corporation, you enjoy certain legal protections. However, these protections may be invalidated if you're operating under a different name and didn't file for a DBA.

For example, you may have incorporated Spring Flowers Gardening, Inc. But if you sign a client contract under Spring Flowers (or some other variation like that), that contract may not hold up in court.