What Utah Entrepreneurs Should Do Legally Before Starting a Business

Starting a business in Utah is exciting, but the legal groundwork can feel daunting. Many entrepreneurs focus on the idea, the name, and the website, then realize later they missed critical legal steps. Taking the right steps early helps you avoid problems with liability, taxes, and disputes down the road. Here is a practical look at what to check before you launch.

Choose the Right Business Structure

Your business structure determines your personal liability, how you file taxes, and how you raise money. In Utah, the most common options are sole proprietorship, partnership, limited liability company (LLC), and corporation. Each has trade-offs.

A sole proprietorship is simple but leaves your personal assets exposed to business debts and lawsuits. An LLC gives you liability protection without the heavy paperwork of a corporation. A corporation can be right if you plan to seek venture capital or issue stock. Talk to a business lawyer West Jordan to match your goals to the right entity. The choice you make now affects everything from your tax bill to your ability to bring on partners later.

Register Your Business Name

Once you pick a name, check that it is available in Utah. The Utah Division of Corporations maintains a database of registered names. You can search it online. If the name is taken, you cannot use it. Even if it is free, you may want to reserve it while you finish your paperwork.

View the location on Google Maps

If you operate under a name that is not your legal business name (a "doing business as" or DBA), you must register that too. This is common for sole proprietors who want a brand name separate from their own name. Registering a DBA does not give you the same legal protection as forming an LLC or corporation, but it is a necessary step for compliance.

Draft an Operating Agreement or Bylaws

If you form an LLC, an operating agreement is not legally required in Utah, but skipping it is risky. This document spells out ownership percentages, how profits and losses are shared, how decisions are made, and what happens if a member leaves. Without it, Utah's default rules apply, and those may not match your intentions.

For corporations, bylaws are essential. They set rules for board meetings, officer roles, and shareholder rights. A well-drafted operating agreement or set of bylaws prevents misunderstandings and gives you a clear process for handling disputes. It also shows banks and investors that your business is run seriously.

Jeremy Eveland is also on LinkedIn.

Get an EIN and Set Up Your Finances

An Employer Identification Number (EIN) is like a social security number for your business. You need it to open a business bank account, hire employees, and file taxes. You can get one for free from the IRS website. Even if you are a sole proprietor, having an EIN helps keep your personal and business finances separate.

Open a dedicated business bank account as soon as you have your EIN. Mixing personal and business money is one of the fastest ways to lose liability protection. If you ever face a lawsuit, a court may "pierce the corporate veil" if your finances are tangled. A separate account also makes tax filing much simpler.

Understand Utah's Business Licenses and Permits

Utah does not have a single statewide business license. Instead, requirements vary by city, county, and industry. West Jordan, for example, requires most businesses to obtain a business license from the city. Depending on what you do, you may also need professional licenses, health permits, or sales tax permits from the Utah State Tax Commission.

Check with the Utah Department of Commerce and your local city hall. The state's business portal, OneStop, can help you identify which licenses apply. Failing to get the right permits can lead to fines or even a shutdown order. It is worth the time to research this before you open your doors.

Protect Your Intellectual Property

If your business name, logo, or product names are not trademarked, someone else could use them. Federal trademark registration through the U.S. Patent and Trademark Office gives you nationwide protection. State-level trademark registration in Utah is also an option and may be faster for local businesses.

Also consider copyright for your website content, marketing materials, and original designs. While copyright exists automatically when you create something, registering it gives you stronger legal standing if you ever need to sue for infringement. A business lawyer West Jordan can help you decide what to protect and how.

Review Contracts and Agreements

Every business uses contracts: with customers, vendors, employees, and partners. Standard templates found online may not cover Utah-specific laws or your particular risks. Have a lawyer review key contracts, especially any that involve ongoing obligations, large sums of money, or confidential information.

For example, if you hire independent contractors, your agreement must clearly state their status to avoid misclassification penalties. If you lease commercial space in West Jordan, the lease terms should be reviewed before you sign. Good contracts prevent disputes and give you a clear path if something goes wrong.

For many Utah entrepreneurs, securing legal guidance for Utah owners early in the process saves time and money. It helps you avoid common pitfalls like missing a filing deadline or signing a lease that locks you into unfavorable terms.

Plan for Taxes and Compliance

Utah has a state income tax, sales tax, and various industry-specific taxes. Register for a sales tax license with the Utah State Tax Commission if you sell goods or certain services. You will need to collect and remit sales tax on taxable sales. The rate varies by location, so check the rate for West Jordan and other places where you do business.

If you have employees, you must register with the Utah Department of Workforce Services for unemployment insurance and with the Utah Labor Commission for workers' compensation. These are legal requirements, not optional. Missing them can result in penalties and back taxes.

Consider Liability Insurance

Insurance is not always a legal requirement, but it is a smart business practice. General liability insurance covers common risks like customer injuries or property damage. Professional liability insurance (also called errors and omissions) covers claims of negligence or mistakes in your work. Some leases and contracts require you to carry certain types of insurance.

Talk to an insurance agent who understands Utah business needs. They can help you assess your risks and find the right coverage. It is much cheaper to have insurance before a claim than to pay a lawsuit out of pocket.

Build a Relationship with a Local Business Attorney

Having a lawyer who knows Utah business law is not just for when you get sued. It helps with routine questions: reviewing a contract, handling a dispute with a partner, or understanding a new regulation. Many entrepreneurs find that having legal guidance for Utah owners on retainer gives them peace of mind and saves money in the long run.

A lawyer can also help you set up corporate governance practices, such as holding annual meetings and keeping minutes. Even if you are a single-member LLC, treating your business like a real entity strengthens your liability protection. It also makes your business more attractive to investors and buyers later.

The steps above are not just about avoiding trouble. They are about building a solid foundation for growth. When you handle the legal side early, you can focus on serving customers and growing your business with confidence.

For help with business formation, contracts, or compliance, you can contact Jeremy Eveland at 8833 S Redwood Rd # A, West Jordan, UT 84088, USA, or call +1 801-613-1472.