

# How Business.gov Solves a Real Business Need

Business.gov ([www.business.gov](http://www.business.gov)) is the official business link to the U.S. government. Business.gov helps businesses save time and money by providing a one-stop resource to quickly find compliance information and federal forms across the federal government.

## Business.GOV

THE OFFICIAL BUSINESS LINK TO THE U.S. GOVERNMENT

Staying in compliance is important to business success. Compliance issues affect every business, from a one-person home-based business to larger firms with thousands of employees. Regulations must be complied with on taxes, retirement plans, labor, work safety, environmental and international commerce, to name a few.

Business.gov helps reduce the burden on the business community by eliminating the need to search through multiple Web sites to locate and access federal compliance assistance resources and other government information, including federal forms.

Business.gov provides powerful search capabilities so that businesses can find information on compliance, forms and contacts — all at one Web site, [www.business.gov](http://www.business.gov).

### A Presidential E-government Initiative

Business.gov is an outcome of Business Gateway, a project that's part of a Presidential e-government initiative of the U.S. federal government. The goal of the e-gov initiative is to utilize technology to improve how the federal government serves citizens, businesses and the government alike. Other U.S. e-gov Web sites include [Regulations.gov](http://Regulations.gov) and [Export.gov](http://Export.gov).

The Business Gateway Web site, Business.gov, helps federal agencies meet the statutory requirements of the Small Business Paperwork Relief Act (SBPRA). One of the SBPRA requirements is that agencies name staff contacts for compliance assistance, which are listed on Business.gov.

The U.S. Small Business Administration (SBA) is the managing agency in a group of 22 Business Gateway federal partners.

### The Case for Business.gov

#### The Need

Part of being a successful business is staying in compliance. All businesses, large or small, with many employees or just an owner, are subject to federal, state and municipal tax regulations and to licensing requirements.

Many tax and licensing issues are related to the type of legal structure chosen for the business, e.g., sole proprietorship, general and limited partnerships, corporations and Limited Liability Companies. Collecting and reporting sales tax may be required and federal self-employment taxes paid. If a sole owner with even one employee opens a Simplified Employer Pension Plan (SEP IRA) for retirement, she or he must include provisions for employees to have one as well.

Once a firm hires employees, additional regulations come into play. It is necessary to obtain an Employee Identification Number from the IRS, make periodic payments and file

The screenshot displays the Business.gov website interface. At the top, the logo reads "Business.GOV THE OFFICIAL BUSINESS LINK TO THE U.S. GOVERNMENT". Below the logo is a navigation bar with links for "Home", "Press", "About Us", and "Help". A secondary navigation bar includes "How Do I...", "Taxes", and "Human Resources". The main content area is divided into several sections: "How Do I..." with a "Most Requested Info on Regulations & Programs" list; "Compliance Guides" with "Business Areas" and "Industries" lists; "Frequently Asked Questions"; "Compliance Contacts"; "Federal Forms"; "Workplace Posters"; "SBA National Ombudsman"; "Business Data & Statistics"; and "State Compliance Resources". A search bar with "Advanced Search" and "Help" options is also visible. At the bottom right, there is a "Small Business Planner" section with buttons for "Start a Business", "Plan a Business", "Manage a Business", and "Exit a Business".

quarterly reports about payroll taxes and other mandatory deductions. Some states require employee insurance for employers and all businesses with employees are required to meet work safety requirements.



Businesses with employees are required to verify the employment eligibility of new employees. There are other regulations that apply once a certain number of employees is reached. For example, the Americans with Disabilities Act (ADA) applies to all businesses with 15 or more employees. Group health plans for employers with 20 or more employees may be subject to COBRA, which provides for individually-paid extensions of group health insurance.

Regulatory requirements vary by industry. Use of hazardous substances in businesses is highly regulated by federal law and there are heavy fines for non-compliance. According to the SBA, small businesses in the manufacturing sector are among the hardest hit by the cost of staying on compliance.

Not paying attention to these issues can cause problems, fines or even closure for a business.

### Finding the Information

Businesses don't always know where to go for compliance assistance information. They may not know what authority issues the regulation, and they may be confused as to whether a regulation is a federal, state or other requirement.

One of the greatest challenges businesses face in dealing with the federal government is the large number of different agencies they must work with, each with its own set of regulations. Each agency organizes compliance information on its Web site differently, which can make finding this information more difficult.

Business owners for whom English is not their primary language face additional barriers to staying in compliance.

### Costing Time and Money

Staying in compliance with U.S. federal government regulations is a burden to businesses in both time and money, even though being in compliance can save money in the long run. The typical business spends hours every year searching for compliance information and worrying about whether they are in compliance.<sup>1</sup>

- Smaller businesses, which can include those with up to 499 employees, are especially hard hit. Keep in mind that businesses with less than 500 employees make up 99.9% of all employer firms in the U.S.
- Forty percent of small businesses spend over 100 hours each year on compliance with all federal regulations. Very small firms with fewer than 20 employees, which make up 99.7% of all employer firms, spend 4.5 times as much per employee than larger firms to comply with federal regulations.
- The owner or president of a small business has the responsibility for ensuring that a company is in compliance with regulations, taking time from running the business.
- Environmental and economic compliance regulations appear to be the main compliance cost drivers, followed by workplace (labor and safety) and tax regulations.

Cost of Federal Regulations by Firm Size, All Business Sectors (in Dollars)		
Regulation type	<20 Employees	500+ Employees
All	\$7,647	\$5,282
Environmental	\$3,296	\$ 710
Economic	\$2,127	\$2,952
Workplace Safety & Labor	\$ 920	\$ 841
Tax Compliance	\$1,304	\$ 780

<sup>1</sup> All facts and figures in this document are provided by the U.S. Small Business Administration, Office of Advocacy.

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## An International Trend

The U.S. is not alone in using technology to make it easier for businesses to work with government officials and within regulation environments. The United Kingdom ([www.directgov.gov.uk](http://www.directgov.gov.uk)), Australia ([www.business.gov.au](http://www.business.gov.au)) and Singapore ([www.business.gov.sg](http://www.business.gov.sg)) are examples of efforts being made to provide portals where businesses learn how to effectively interact and comply with business regulations.

## How Business.gov Addresses the Issues

For the first time, U.S. businesses have access to a single resource, [www.business.gov](http://www.business.gov), to find compliance assistance information from across the U.S. federal government.

The primary benefits of Business.gov to businesses include:

- Helps businesses quickly find compliance information and services by searching multiple government Web sites and by organizing the information into industry and topic categories.
- Reduces businesses' time and effort by consolidating information into one Web site and offering a consistent way to find assistance.
- Minimizes business expenses in the form of time savings or cost avoidance.

Business.gov provides quick access to over 20,000 compliance-related documents from 94 government Web sites. It also provides a comprehensive catalog of federal forms and a directory of knowledgeable government contacts.

The Web site additionally provides links to key industry resources and a Business Resource Library of "how to" information for starting, growing and managing a businesses.

Business.gov provides state compliance resources to help businesses get information about these crucial requirements. Future enhancements include:

- Additional state and municipal government compliance information.
- Ability for users to customize the site to meet their specific needs.



## Importance of Small Business to the U.S. Economy

Small business is essential to the U.S. economy – and many are not that small!

For research purposes, the SBA Office of Advocacy defines small businesses as an independent business having fewer than 500 employees. In 2004, there were approximately 24.7 million businesses in the U.S. There were 5.7 million firms with employees and 18.6 million without employees in 2003 according to Census data.

**Small firms with fewer than 500 employees represent 99.9% of the 25.8 million businesses in the U.S.** The most recent data show there are only 17,367 large businesses.

Small firms represent 99.7% of all employer firms and employ half of all private sector employees. They pay 45% of total U.S. private payrolls. Small business has generated 60% to 80% of net new jobs annually for the last decade. They also make up 97% of all identified exporters.

The face of the small business person has changed over the past several decades. Women, minorities and veterans now play a large role in the businesses economy.

- Women owned 6.5 million businesses that generated \$950.6 billion in revenues in 2002 and are co-owners in another 2.7 million.
- Male veterans' self-employment rates were higher than those of non-veterans from 1979 to 2003.
- In 2002, minorities owned 4.1 million firms that generated \$694.1 billion in revenues. Of the 23 million firms in 2002, 6.9% were owned by Hispanic Americans, 5.2% by African Americans, 4.8% by Asian Americans, 0.9% by American Indian and Alaskan Natives and 0.14% by Native Hawaiian and other Pacific Islanders.



Size Distribution of Non Farm U.S. Business with Employees	
All Employers	5,657,774
<20 Employees	5,036,845
20-499 Employees	603,562
500+ Employees	17,367

Larger firms generally have specialists or personnel dedicated to keeping them in compliance with all regulations. In the case of smaller businesses, the owner often struggles with this task alone or with the help of one or two employees.

By helping businesses find compliance information, forms and contacts quickly and easily, Business.gov plays its part in supporting the U.S. economy.

## Summary

As the official business link to the U.S. government, Business.gov supports the e-government initiative for using technology to bring necessary information to its business citizens. Business.gov provides one single resource for businesses seeking information on compliance to regulations that will help them succeed. The information is in the form of links to government sources, a catalog of federal forms and compliance contacts across the U.S. federal government. Future enhancements will add additional state and municipal compliance information to make a complete solution.

### For more information, contact:

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Business.gov is a Presidential Initiative managed by the U.S. Small Business Administration in partnership with multiple U.S. federal government agencies.