
MASTERING ENTITY DATA COMPLIANCE: BUSINESS LICENSES



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How to Transform Your Compliance Process from Data Input to Data Management

Managing regulatory filings is an essential task within an entity compliance workflow. Organizations typically need local or industry-specific business licenses (or both) to operate legally.

Failing to stay on top of this process—which involves researching, submitting and renewing business licenses in a timely fashion—may result in troublesome consequences. These include financial penalties, suspension of the ability to contract work within a jurisdiction, business closure—and even civil or criminal charges for employees.

In order to avoid such outcomes, it’s important to understand both the challenges of business license compliance and the steps you can take to design a smart management process.

BUSINESS LICENSE DATA MANAGEMENT CHALLENGES

The regulatory landscape surrounding compliance has grown ever more complex in recent years. Governments at the state and local level have increased compliance requirements and fees, while simultaneously scaling up enforcement efforts.

Given that there are roughly 75,000 separate jurisdictions at the local, state and federal level—and thousands of license types—organizations must be especially diligent about staying compliant.

This means being able to determine the license types you will need, the proper licensing authority, how to contact them, and their licensing requirements.

However, this information is often difficult to source and changes regularly. It’s estimated that 65 percent of license, tax and registration requirements change on an annual basis.

You also should be current on all entity changes, as certain triggering events could necessitate new licenses and or updates to existing licenses.

This includes monitoring name changes, ownership or management changes, corporate address changes, business expansion, the opening or closing of offices or the introduction of new products and services.

Finally, remember that each licensing authority may have specific rules governing the timing and recurrence of business license filing requirements. This means that requirements often

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vary considerably depending on both business license type and the authority issuing the license. It is critical to identify adverse compliance events in your license portfolio to quickly avoid compounding penalties and disruption to your business.

MANAGING BUSINESS LICENSE COMPLIANCE

Effective business license compliance begins with thorough research of your existing portfolio and identifying your licensing footprint. All new entities must be closely vetted for all applicable business licenses. Proper research helps to ensure that all specific licensing requirements in varying locations are understood and accounted for.

If licensing obligations exist, the next step is the creation of a compliance process to manage all licensing obligations.

This process begins by collecting all the information that must be reported on each filing, maintaining this data and then updating it as requirements change.

(Prior to the creation of any process, it imperative that you establish your priorities. Note that this will be industry-specific and the process should reflect the specific reporting requirements.)

A suggested comprehensive compliance process should also include the following:

- ▶ The creation of pre- and post-filing summary reports
- ▶ Identifying the fees associated with each license
- ▶ Method for obtaining renewal form or determining the online filing process
- ▶ Creating a system for payment
- ▶ Monitoring if and when the filing is accepted
- ▶ Setting up a process for delivering physical licenses to the organizational locations where they need to be displayed
- ▶ Electronic storage and secure access to license certificates and related license data

HOW TO STREAMLINE RENEWALS AND SUBMISSIONS

Effective compliance management is difficult without a plan, the absence of which can lead to things falling through the cracks. This increases the risk of non-compliance penalties.

Organizations that operate in multiple jurisdictions have the added burden of keeping track of all entities—their existing requirements, any new requirements that may develop over time, and entity changes that may trigger new licensing obligations.

Maintaining the accuracy of entity records can be time-consuming and challenging, especially if this information is not kept in one central place.



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By partnering with the right entity managed services solution, organizations gain access to valuable external resources and expertise. These solutions also help ensure that all entity records are current and accurate.

Today, ongoing entity maintenance has become a core business function. Forward-thinking organizations understand this and devote the necessary resources to effectively managing business licenses, corporate changes, filing deadlines and other key aspects of compliance.

LEARN MORE

By enabling real-time management of [business license data](#), organizations can remain highly confident that requirements are being met and that the supporting data is both accurate and up to date.

To learn more about how CT can help you manage your business license needs, contact a CT Service Representative or call (844) 400-9804.

[View the Mastering Entity Data Compliance \(Infographic\)](#)