

Setting Up as a Freelancer: Legal & Business Basics — Workbook

This workbook turns the course into a fully set-up freelance business. Work through one section per module: choose and document your structure, complete your registrations and tax IDs, build your banking and bookkeeping money system, then assemble your contracts, insurance, and a compliance calendar. Fill in every field and template, because a half-finished setup leaves gaps that surface at the worst moment, when a client is ready to pay. By the end you will have made every decision and produced every document needed to take on your first paid engagement with confidence.

Choosing the Right Business Structure

Decide between sole proprietor, LLC, S-corp, or limited company by scoring your own situation and committing to a structure you can revisit as you grow.

Worksheet: Score Your Structure Across Five Factors

Rate each factor from 1 (low) to 5 (high) for your situation. High scores on liability, profit, or a client requirement push you from sole proprietor toward a formed entity. There is no total to beat; the pattern tells the story.

Liability exposure of my work (1-5)

Current net profit, annualised (write the number)

Expected profit growth over 2-3 years (1-5)

A client requires me to be a registered entity (Yes/No)

My tolerance for admin and paperwork (1-5)

Country I operate in (US / Canada / UK / other)

Exercise: Name Your One Reason to Form an Entity

From the course, an entity is justified when you can name the reason in a single sentence. Write your strongest reason, or note that you cannot complete the sentence yet, which usually means sole proprietor is your right start.

- Complete this sentence honestly: I should form an entity because ____.
- If you wrote a liability reason, what specific bad outcome are you protecting your personal assets from?
- If you wrote a tax reason, is your net profit comfortably above your living costs, the point where the tax benefit actually appears?

- If you could not finish the sentence, what revenue or event would change your answer, and by when might you reach it?

Worksheet: Write Your Structure Decision

Turn your scores and reasoning into one committed, dated decision. This is what the rest of the workbook builds on; you can revise it later, but commit now.

My chosen structure (sole proprietor / LLC / LLC with S-corp election / corporation / limited company)

The single reason driving this choice

The trigger that will make me revisit it (revenue number or event)

Decision date

Checklist: Structure Module Complete When

- I have scored my situation across the five factors
- I can state in one sentence why I am or am not forming an entity
- I have written and dated a single committed structure decision
- I have noted the revenue or event that will trigger a future review

Registering Your Business and Name

Make the business official: choose and clear a name, complete the right registration for your country, and obtain the tax identifier and sales-tax awareness you need.

Worksheet: Clear Your Business Name

Record the result of each availability check for your preferred trading name. If any check fails badly, repeat the process for a backup name before you commit.

Preferred trading name

Business registry search result (clear / taken)

Trademark search result and database used (USPTO / CIPO / IPO)

Domain available (yes/no, and which)

Social handles available (yes/no)

Plain Google search in quotes (any conflicting business found?)

Backup name if needed

Exercise: Map Your Exact Registration Path

Using the country lesson, write the concrete steps you must take. Be specific about which office, form, and fee applies to you so registration becomes a simple to-do list.

- Which registrations apply to you: trading name or DBA, entity formation, or both?

• Which office or registry do you file with, and what is the fee?

• Which tax identifier do you need, EIN, Business Number, or Self Assessment registration, and how do you obtain it?

• What documents does the registry and the bank ask for, and do you have them ready?

Worksheet: Identify Your Sales-Tax Threshold

Record the single sales-tax, GST/HST, or VAT threshold that applies to you and your current standing against it, so you register at the right moment and not late.

Applicable tax and threshold (GST/HST 30,000 CAD / VAT 90,000 GBP / US economic nexus / GST 75,000 AUD)

My trailing revenue over the relevant period

Am I currently required to register? (yes/no)

Date I will next check this against the threshold

Checklist: Registration Module Complete When

- My trading name has passed registry, trademark, domain, and plain-search checks
- I have completed the business or entity registration for my country and saved the confirmation
- I have obtained my tax identifier (EIN, Business Number, or Self Assessment registration)
- I know my sales-tax threshold and have set a quarterly reminder to check my trailing revenue

Money Setup: Banking, Bookkeeping, and Taxes

Build a clean financial foundation: a separate business account, a bookkeeping tool tracking deductions, a tax-savings holdback, and professional invoices.

Worksheet: Set Up Your Business Banking and Tax Account

Plan and record your banking setup. Aim to open a true business account once you have a DBA or entity; route every business dollar through it from day one.

Business bank account provider chosen

Monthly fee and minimum balance (confirm low or none)

Documents needed to open (ID, tax ID, DBA or formation docs)

Separate tax-savings account provider

My tax holdback percentage (e.g. 25-30%)

Date business account opened

Worksheet: Choose Your Bookkeeping Tool and Deduction Categories

Pick one tool and list the expense categories you will actually track. Connecting the tool to your business account makes categorising painless.

Bookkeeping tool chosen (Wave / QuickBooks / FreshBooks / Xero / spreadsheet)

Bookkeeping method (cash basis is simplest)

Home office: square footage or share of home used exclusively for work

Equipment and software I will track

Professional fees I will track (training, accounting, insurance, platform fees)

Mileage or travel I will log, and the standard rate

Exercise: Build Your Invoice and Payment Terms

Decide the terms that protect your cashflow, then set them as the default in your invoicing tool. Send yourself a test invoice to confirm it works.

- What payment term will you set as default, Net 14 or Net 30, and why?
 - What deposit will you require from new clients before starting, and on what size of project?
 - What late fee will you state on the invoice and in the contract?
 - Which payment methods will you offer, and have you weighed the card processing fee against speed of payment?
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Checklist: Money Module Complete When

- A separate business bank account is open and all business activity routes through it
- A tax-savings account exists and I move my holdback percentage on every payment received
- One bookkeeping tool is connected to my account and tracking income and expenses
- An invoice template is set up with terms, deposit policy, and a late-fee clause, and I have tested it

Contracts, Protection, and Staying Compliant

Assemble the documents and protections every engagement needs, confirm your licensing and insurance, and build a calendar so filings and payments never lapse.

Worksheet: Define Your Core Contract Clauses

Decide the values for the clauses that matter most for freelancers, then transfer them into your reusable contract and scope-of-work templates so the documents are ready to send.

Payment terms and deposit (amount, schedule, due dates)

IP transfer point (recommended: ownership passes on full payment)

Number of revision rounds included, and rate beyond

Termination terms and kill fee

Limitation of liability cap (e.g. capped at fees paid)

Governing law / jurisdiction

Exercise: Check Licenses, Permits, and Insurance

Work through the three licensing levels for your specific work and location, and get an insurance quote. The goal is to buy exactly what you need and skip what you do not.

- Does your city or county require a general business license, and what is the fee?
 - Is your profession regulated, requiring a specific occupational license? If not, note that it does not apply.
 - Do any home-business, zoning, lease, or HOA rules restrict operating from your location?
 - What does professional liability (errors and omissions) insurance cost for your work, and will any client require a specific coverage?
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Worksheet: Build Your Compliance Calendar

Enter the recurring dates that apply to your structure and country. Set a reminder one week before each. This single calendar prevents the costly, avoidable failures of missed payments and lapsed filings. Estimated or instalment tax payment dates

Annual tax return filing date

Entity maintenance filing dates (annual report, franchise fee, confirmation statement)

Quarterly sales-tax / GST/HST / VAT threshold review date

Insurance renewal date

Annual review date to revisit structure and thresholds

Checklist: Pre-First-Client Checklist (Module Complete When)

- Structure chosen and, if a company, formed, with confirmation saved
- Business name and DBA registered and cleared
- Tax identifier obtained
- Separate business bank account and tax-savings account in use
- Bookkeeping tool connected and tracking
- Invoice template ready with terms, deposit, and late fee
- Contract, scope of work, and IP and confidentiality terms tailored and ready to send
- Licenses checked and professional liability insurance quoted or in place

[] Compliance calendar built with all recurring dates and reminders

Your Action Plan

1. Score your situation across the five factors and commit to a structure in one dated sentence.
2. Choose your trading name and clear it through registry, trademark, domain, and plain-search checks.
3. Complete your country's registration and obtain your tax identifier (EIN, Business Number, or Self Assessment).
4. Identify your sales-tax threshold and set a recurring quarterly reminder to check your trailing revenue against it.
5. Open a dedicated business bank account and route all business income and expenses through it.
6. Open a tax-savings account and start moving 25 to 30 percent of every payment into it the day it arrives.
7. Set up one bookkeeping tool, connect your account, and configure the deduction categories you will track.
8. Build and test your invoice template with default terms, a deposit policy, and a late-fee clause.
9. Tailor your contract, scope of work, and IP and confidentiality terms into a reusable base agreement ready to send.
10. Check your licensing, get a professional liability insurance quote, and build your compliance calendar before taking on your first paid client.

