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Opening a Salon

By:
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The following steps will help you open a salon in Texas as a Sole Proprietor.

(1) Determine Which Type of Salon to Open.

The Texas Cosmetology Commission offers the following specialty salon licenses:

- Manicure Salon
- Facial Salon
- Manicure/Facial Salon
- Wig Salon
- Hair weaving/Braiding Salon

You may choose to have one of the above specialty salon licenses, or you can open a beauty salon and practice all of the specialties above under one license.

You must have a cosmetologist operator license to practice all phases of cosmetology in a beauty salon. Operators may also practice any specialty in a specialty salon. Specialist certificates are offered as an alternative if you wish to practice only one of the specialties.

(2) Find a Location For the Salon.

Your salon must meet certain standards as described by the Texas Cosmetology Commission (“Commission”). Each specialty salon has its own requirements. Requirements for beauty and specialty salons may be downloaded at <http://www.txcc.state.tx.us/Forms/Salon/4Salonapp-requirements.pdf> or you may call the Commission at (800) 943-8922. Below are some of the major requirements of all salons:

- a. Required floor space shall be a minimum of 150 square feet for the first licensee and not less than 30 square feet for each additional licensee. (Storage areas, reception areas, restrooms, utility, heating and/or cooling facilities, and retail floor space are not included as working floor space.)

- b. Carpeting is not allowed except in reception or offices.
- c. A sink with hot and cold running water is required.
- d. A restroom must be made available to the public within the facility or on an adjoining property.
- e. An identifiable sign with the salon's name must be displayed.
- f. Closed container(s) for clean towels/linen are required.
- g. Partially closed container(s) for soiled towels/linen are required.
- h. One wet disinfectant soaking container is required.
- i. A minimum of one dry storage container is required.
- j. A minimum of one covered trash container is required.
- k. The salon must be properly ventilated with an exhaust fan or air filtering device extracting fumes and gases.
- l. No cosmetology establishment shall, in any manner, represent or permit representation to be made in its behalf that it is a barber shop, whether made by use of a display or device similar to a barber pole or otherwise. It may, however, advertise that services for males are available, with the exception of trimming and/or shaving beards or mustaches.
- m. A salon shall not be operated in conjunction with an establishment selling food or drink, and shall be separated by a solid wall and have a separate entrance if located in the same building.
- n. A salon must be completely separate from rooms used wholly or in part for residential or sleeping purposes by a solid wall or by a wall with a solid door which shall remain locked during business hours.

(3) Choose a Name for the Salon.

Remember that a salon may not use the word “Barber” in its name. Once you have chosen a name, check to make sure no one else is using that name. You may check with the County Clerk’s office (sometimes they will have a computer system for you to look on). Also check corporate names on the Texas Comptroller of Public Accounts (Comptroller) web site at www.cpa.state.tx.us by looking at the Franchise Tax Account Status. Alternatively you may pay for an Assumed Name search on the Secretary of State’s web site at www.sos.state.tx.us. Once you have chosen an available name, file an Assumed Name (DBA) at the County Clerk’s office so that no one else can use the name you choose. Fees are usually around \$10.

(4) Obtain a Beauty or Specialty Salon License.

To apply for a license to open a salon in Texas, you must download the necessary forms, fill them out, and mail them to the Commission for processing. These forms may be downloaded at <http://www.txcc.state.tx.us/Download.htm>. You may also call the Commission at (800) 943-8922 to request the necessary forms. The address of the Texas Cosmetology Commission is:
5717 Balcones Dr. P.O. Box 26700

Austin, Texas 78755-0700

Before issuing a license, the Commission will inspect the salon to ensure that it complies with all the requirements, rules, and regulations established by the Commission. The salon license fee is \$100 and must be renewed every two years. Renewal fees are \$65.

(5) Apply for an Employer Identification Number.

An Employer Identification Number (EIN), also known as a Federal Tax Identification Number, is a nine-digit number that the IRS assigns to business entities. The IRS uses EINs to identify taxpayers that are required to file various business tax returns. EINs are used by employers, sole proprietors, corporations, partnerships, and other forms of businesses. As a sole proprietor, you would need to obtain an EIN if either of the following apply: (1) you pay wages to one or more employees, or (2) you file pension or excise tax returns. Otherwise use your own Social Security Number. For more information on excise tax returns you may go to <http://www.irs.gov/publications/p510/ar02.html>. You may apply for an EIN online at <http://www.irs.gov/businesses/small/article/0,,id=102767,00.html> or call the IRS Business and Specialty Tax Line at (800) 829-4933.

(6) Obtain a Sales and Use Permit and Tax ID.

Submit an application to the Comptroller's office to obtain a Texas sales and use permit and tax ID. You may download the sales and use tax application online at <http://www.window.state.tx.us/taxinfo/taxforms/00-forms.html> (Sole Owners or Proprietors should complete form AP-157). You may also request an application by calling the Comptroller's office at (800) 252-5555. As a permit holder in the state of Texas you will be required to collect sales taxes and pay sales and use taxes. More state tax information for new businesses is provided by the Comptroller at http://www.window.state.tx.us/taxinfo/sales/new_business.html. It is required that your Texas sales and use permit "be prominently displayed in your place of business."

(7) Post Necessary Items in the Salon.

The following must be posted in the salon in public view:

- Current salon license;
- Consumer complaint information;
- Current Commission laws;
- Rules and Regulations;
- The last inspection report of the inspector;
- The name, mailing address, and telephone number of the Commission in letters no smaller than one inch in height; and

- The salon's normal business hours (must be near the main entrance and viewable from the outside).

The following must be posted at each licensee's work station in public view:

- Individual licenses;
- Booth rental/independent contractor licenses; and
- The last inspection report of the inspector.

A consumer complaint form may be downloaded from <http://www.txcc.state.tx.us/Forms/Salon/5Consumer-complaint.pdf>. The Commission publishes a rules and regulations book which contains current Commission laws and rules and regulations. This book must be displayed in the reception area. A current rules and regulations book may be ordered by mailing in a publication order form provided by the Commission at <http://www.txcc.state.tx.us/Forms/orderform.pdf>. You may request this publication by calling the Commission at (800) 943-8922.

(8) Consider Purchasing Insurance.

Purchasing liability and other insurance may help to protect you from severe financial losses associated with law suits, theft, fire, flood, and other unexpected losses.

(9) Determine if You Want to Set Up Additional Stations in the Salon.

If you wish to set up stations for more cosmetology operators or specialists, you must decide if you want to hire the additional workers as employees or let them contract, rent, or lease space as independent contractors. How you decide to let additional operators or specialists operate in your store will have tax, liability, and other implications. Independent contractors withhold their own taxes while you withhold taxes for employees. Independent contractors also have more personal responsibility and liability and are required by law to have an independent contractor license from the Commission.

There are additional requirements for each independent contractor. These requirements may be found at <http://www.txcc.state.tx.us/Forms/License/pdf/icreq.pdf>. An application for an independent contractor license may be downloaded at <http://www.txcc.state.tx.us/Forms/License/pdf/ictapp.pdf>. The independent contractor application and requirements may also be requested from the Commission by calling (800) 943-8922.

Legal Assistance to Micro-enterprises Project (LAMP) provides free legal services for qualified low-income residents of the Texas RioGrande Legal Aid service area to start or sustain a small business. LAMP provides

useful legal advice and assistance on the laws that may affect proposed and existing businesses, including: formation, contracts, employment issues, tax, health and safety laws, commercial landlord/tenant leases, and lending laws. Texas RioGrande Legal Aid can only represent residents who are lawfully present in the United States. To complete an application, call toll-free: 1-888-988-9996.