



What is a DBA?

A practical guide to understanding DBAs

DBA meaning

A DBA allows you to create a trading name for your business (or a portion of your business) that is separate from your legal business name. You can create DBAs for most types of business licenses.

Some businesses choose to do this for security and privacy reasons, using a DBA to create a brand name instead of using their legal name for their solopreneur business. Others use it to rebrand or to expand into new product or service lines while still keeping the entire organization under a single business entity.

Your business, for example, might be called "Lightning Strikes LLC," but your business's DBA (which appears on your site, in marketing materials, client invoices, and even on legal contracts) is called "L.S. Tech Solutions."

A DBA will give you more flexibility and the ability to legally operate under a name that is separate from your business's official name. You can put this DBA on business cards, your website, and your storefront as you see fit.

There are many reasons why business owners may choose to operate under a DBA, and in this guide, we're going to talk about what those reasons are, how to choose and set up a DBA, and anything that you need to take into consideration.

DBA Definition & Meaning

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1. What does DBA mean?

DBA stands for "doing business as." Also known as an assumed name, trade name, or fictitious name, a DBA is a separately registered name that businesses generally use more for branding purposes and that it is separate from their business's legal registered name, which is typically going to be what appears on their business license and some documents like tax returns or employee payroll.

People working as sole proprietors can use DBAs so that they can operate under a name that is separate from their own legal business name.

Instead of operating publicly as "Jade Smith," the owner could operate legally under "Jade's Candles Inc." Alternatively, if Jade got married and changed her name but had built a business under her maiden name, she could set up a DBA to still operate under "Jade Smith" if she chooses to.

This is essential because in many states you can't just operate your business as "Jade's Candles Inc" without registering a DBA that legally allows you to do so. In many cases, this is designed to protect customers, though you'll also need to add your DBA to some official documents like your business's tax returns.

2. Why do businesses use DBAs?

DBAs enable businesses to do business under another name. But why might you want or need to do that? There are a variety of reasons. Here are some of the common scenarios where a DBA is helpful:

Privacy reasons: If you are a sole proprietor or a partner in a general partnership, your business and personal names will be the same on public records. If you are in this situation and would prefer that your business had a name aside from your personal name for privacy reasons, you can use a DBA to give your business another name. After doing so, your personal name won't be on public records.

Marketing purposes: Along with your personal name being an issue for privacy reasons as a sole proprietor or a general partner, it can also be an issue when trying to attract customers or clients. Your name alone may not tell enough about what your business offers. For example, if your name is Jane Doe and you offer car detailing, you may not want your business name to be Jane Doe alone. Instead, you may want to register a



DBA for a name like Jane's Car Detailing to help customers understand immediately what you do.

To get a bank account: In some cases, a bank will require a sole proprietor or general partner to have a DBA in order to open a business account.

Enter a new niche: If your current business name is associated with a particular target audience, product, or service, and you want to target a new audience or release a new offering, a DBA can help. For example, if you have a cleaning service named Neighborhood Maids but want to focus on getting more carpet cleaning jobs, you could file a DBA for Neighborhood Carpet Cleaning. Another scenario could be that you clean for businesses and consumers and want to create a separate brand for each audience. Perhaps, in this case, you would create another DBA for Neighborhood Commercial Carpet Cleaning.

Establish credibility: When doing business under your personal name, as is commonly done with a sole proprietorship or general partnership, you may find that it doesn't come across as professional as a business name. Being so, filing a DBA with a more professional business name can help you establish credibility in the market.

Increase memorability: In some cases, a registered business name may be difficult to remember. The name could be too long or just not very appealing. In these cases, filing a DBA can allow you to choose a name that will resonate with customers and be easy to remember. For example, if your registered business name is CleanCorp, you might opt for Neighborhood Maids instead.

To match a domain name: If you register your business and plan to run the business online but then find out that you can't get the domain, what should you do? You could purchase another domain and then file a DBA to do business in that name. You may also want multiple DBAs if you're going to have more than one website targeting different audiences.

Make your business official: When you register a DBA for your business, it will create a public record. Other businesses will be notified that the business name is in use. However, a DBA filing doesn't protect others from using the same name in all states.



As you can see, there are a variety of situations in which businesses need to file a DBA — or multiple. While it's not always required, it can be helpful to increase privacy, improve marketing, reach different audiences, and more.

3. What a DBA is not

Now that you know what a DBA is and when it's often used, let's talk about what a DBA is not. A DBA filing is not to be confused with establishing a business as a legal entity, which is a common mistake.

When you establish your business as a legal entity, you will file paperwork in your chosen state. In doing so, you'll decide the type of entity you want your business to become. For example, you can opt for a Limited Liability Company (LLC) or a Corporation (C Corp or S Corp).

When you create a legal entity for your business, you are no longer personally liable for it. The debts and liabilities belong to the business. This helps to protect you personally from the business. For example, if someone sues your business for negligence, the business assets will be at risk but not your personal assets. If you opt to forgo establishing a legal entity, your business will automatically be a sole proprietorship. In a sole proprietorship, you and your business are one so there is no differentiating and no protection of your personal assets.

Filing a DBA simply gives your business a fictitious name under which you are allowed to do business. It does not offer any kind of legal protection because it doesn't create a separate legal entity. So if you haven't filed to create a legal entity for your business, you are a sole proprietor by default. While you can file a DBA to do business under a name aside from your own, you will need to create an entity for your business if you want to separate it from yourself and gain some protection.

4. What is the difference between a DBA and an LLC?

There are core differences between an LLC and a DBA, and it's essential that business owners understand them. They are, in reality, two very different things.

A limited liability company (LLC) is a legal structure that allows you to establish your business as a legal entity. Clients and vendors can hold contracts with your business



instead of just you as a person, and your business can apply for funding without it impacting your personal standing.

LLCs come with a degree of protection. If someone sues your business, it's your company that's liable, not you. This means that even if the business is bankrupt, people cannot come after the business owner's personal assets like their home or other personal bank accounts.

LLCs also come with a great degree of flexibility that's often convenient for growing businesses. You can choose to change your taxation status so you can be taxed as a sole proprietorship, a corporation, or a partnership. This can offer tax advantages as your business scales over time.

A DBA does not establish a business as a legal entity. Instead, it allows an existing legal entity to legally operate under an assumed or fictitious name for business purposes. There are no legal protections that are offered, and other advantages that come with LLCs (like potential tax benefits) are not included.

DBAs typically take only a few minutes to be filed and cost under \$200. Forming an LLC may be more complicated depending on where you are operating your business, and it could require the help of an attorney or an accountant, and it requires reinstatement every year. Reinstatement processes depend on the state but typically require a filing fee and paperwork to say that you are still operating under the DBA.

5. Which businesses need a DBA?

Not every business needs a DBA. If you're happy to do business either as a sole proprietorship under your legal name or under your LLC's legal name, there is no need for a DBA in many cases. This often does, however, depend on the type of legal entity your business is classified as, local regulations, and other considerations that influence business owners' decisions.

The following are common examples of businesses that need or strongly benefit from DBAs:

Sole proprietors who want to operate under a different name. If your legal name is Winnie McBeth and you want to operate under "Winnie's Cupcakes," you'll need to file a



DBA. This is because sole proprietorships are unincorporated, and aren't required to file formation papers or an official name with the state. In addition to being useful for branding purposes, this can be beneficial if you want more privacy or security, or if you ever change your legal name after having a business up and running.

Franchise owners who want to do business as the brand. In many cases, franchise owners will buy a franchise business under their own LLC or corporation, and then get a DBA so that they can operate as the commonly-known brand name. If you were to buy into an Arby's franchise through your business "Burgers & More LLC," you could get a DBA to operate as "Arby's."

Businesses that want to change up their public-facing name. In many cases, LLCs and corporations don't require DBAs, because the business name was likely already registered with the state. (Keep in mind that this varies by state, city, and county, so check your local guidelines). Still, some businesses can register a DBA so that they can operate under a name other than the name on their incorporation documents. This may happen when the business wants to open up a new line of products or services, but it can also happen during rebranding.

Business owners that are branching out into multiple connected ventures. It's not uncommon for businesses to expand, starting a new sister company or launching a new line of products or services that they would technically like to be separate. Operating under a unique trade name through a DBA allows some degree of separation while still keeping the companies connected through a single business license. Your business structure and state guidelines may allow for this or may not, but in some cases, this is an easy option to expand with less hassle.

The simple rule is this: If you are established under one name, either as a person or a business entity, and want to operate under another, you'll want to get a DBA.

6. How to file a DBA

Filing a DBA is relatively easy to do, and it can clearly be beneficial for a number of reasons that we've already discussed.



Filing a DBA typically involves filing forms with either the county clerk, the secretary of state, or a state's business registrant. It typically costs somewhere between \$10 to \$100 and it's a relatively quick process — in many cases, you may hear back within a month.

Some states might require you to publish notice of the DBA in a local newspaper and to update business licenses or permits accordingly.

The process of filing for a DBA depends on the state that your business operates in, so it's essential to check your state and county guidelines to see what needs to happen with your business.

In California, for example, you need to file your DBA with a county and then publish notice of it in a local newspaper within 30 days.

In Maryland, you need to make sure that no one else is currently using your trade name by searching their database and then submitting registration paperwork. They also have unique restrictions on what the name cannot mention, including words like "bank" that indicates you're a financial organization.

Most DBA registration forms will ask for information like the business owner's name, the business's legal name, tax identifying information like an EIN or social security, the new fictitious trade name, and contact information.

While the process varies from state to state, this is the general process that many states follow:

Check the state's database to ensure that your desired DBA isn't currently in use by anyone else; if so, you'll need to choose another name.

Download and complete the DBA submission paperwork. This often asks about your legal business name, location of operation, business owner name, desired trade name, and tax identifier.

Submit the application online or via mail (whichever is required) to the address specified online, along with the payment that's required. This will often be between \$10 and \$100.



Update your business license, permits, or other official paperwork to show the DBA if needed.

Make sure that you're carefully reading your state's guidelines for your specific business structure; sometimes the instructions vary depending on how you're incorporated. In New York, for example, sole proprietorships must file a business certificate with their trade names through the county clerk's offices. Corporations, LLCs, and limited liability partnerships (LLPs), however, must file their trade names with the New York Department of State. Other states, in the meantime, have no requirements for businesses to actually register trade names. If you're unsure of the instructions, you can contact your state's business department, a lawyer, or a trusted DBA filing service within your state.

7. How to choose your DBA name

There's a lot that goes into choosing your DBA name. Since it costs time and money to file, you want to be confident that you're happy with the new trade name, even though you can change it later.

There are several steps you should take when choosing your new DBA name.

Step 1. Know why you want a DBA

The reason you're choosing to operate under a DBA should be a guiding force in helping you select the trade name that you'd like to operate under.

If, for example, you simply want a catchier name than "Jane Smith LLC," but you still want the name recognition, you can opt for "Jane Smith Graphic Design."

If you like the idea of keeping some aspect of your name in the DBA but want it to sound more "elevated" and less like a sole proprietorship, you can opt for something like "JS Designs & Graphics."

And if security and privacy are a primary focus and you'd rather not have your personal name be attached to your DBA at all, that's an option, too. The sky is the limit here, and you can use any eye-catching brand name that means something to you like "Brackwater Graphic Designs" or "Junebug Designs & Illustrations."



Step 2. Consider branding

Branding should be considered when you're choosing a DBA. Because, while a name is just a name, it's also one of the first impressions of your business that a customer or vendor will have.

"Smilez Graphic Design" might sound more cutesy than "Everest Graphic Design," even if you're putting out the same work.

Think about what you want your business to represent and what you want customers to associate the name with.

Step 3. Make sure the name isn't taken

Once you have an idea or two that you like for your DBA, you'll want to check to make sure that it's not taken within your state or county region. Many locations actually require this before filing for the DBA because only you will be authorized to use that name in the state, but even if they don't, it's a good idea to prevent confusion and issues later down the road (especially for taxation and legal reasons).

Most states and counties have a database that you can search. In many cases, you'll find links to these databases on the same pages that have applications for your DBA.

Step 4. Consider using a trademark

Many states require that only one business can have a single DBA. That doesn't stop businesses in other states from using the same name, however. If you want to ensure that your company's DBA can't be used by anyone other than you in any location in the U.S., you can consider applying for a trademark.

Trademarks ensure that your company DBA remains completely unique and that no one else can use it. This prevents confusion online and helps make sure that customers searching for you will always find you, and not a competitor.

8. Benefits and disadvantages to filing a DBA



There are both pros and cons to using a DBA for your business, and it's important to consider them all before choosing if a DBA is right for you. Let's look at each.

The pros, in many cases, outweigh the cons of using a DBA if you're interested in operating under a trading name. They include the following:

Increased flexibility

DBAs give you an enormous amount of flexibility, allowing you to change the name under which your business operates without requiring you to:

File an official business license (in some cases)

Start a new business

Re-register an existing business

For example, you can launch several unique makeup lines under "Makeup Incorporated LLC," or expand to new geographic locations under new names.

They can also give you a newer, trendier, and more attention-grabbing name than "Jane Smith LLC," like "JS Design Services." Many people file a business license name under a generic name or their legal name, and sole proprietorships exist under your legal name. This gives you an option to be more creative and adopt a new brand easily. There's so much flexibility here, which is a major pro to opting to use a DBA.

An added layer of privacy

Operating a business under your legal name is common, but it doesn't come without some major downsides.

Choosing a DBA that doesn't directly incorporate your full legal name like "JS Graphic Design" instead of "Jane Smith Graphic Design" offers a significant degree of privacy.

While customers can still find your information if they really want to (especially if your state requires you to update your business license with a DBA), a DBA adds multiple extra steps to that process.



The reality is that having an extra degree of privacy can be a security advantage. It's the same reason why using a virtual phone number or business phone line is advised, so clients and random people online aren't able to find your personal number to call at all hours of the day.

It allows you to set healthy boundaries. And for women online, it can give you an added layer of personal security.

Easier branding

Do you want to rebrand? Or maybe you want to launch a second brand under your business license.

DBAs are the easiest way to rebrand or enhance your branding.

If you're a sole proprietor or have a business license involving your legal name, the reality is that there will be hardly any name brand recognition when you first get started.

"Jane Smith Graphic Design" just doesn't jump out as much as "Blackwater Graphic Elements," which sounds more established and unique.

You can use DBAs to create a strong brand that will appeal to your unique target audience, giving you an edge and helping you to attract more clients.

State compliance matters

If you want to operate under a trading name, go ahead and get a DBA. Most states require it, and the last thing that you want to happen is to end up in legal trouble (or facing fines and fees) because you haven't taken a few extra steps to set up that trade name.

While having a business license under "Jane Smith LLC" and a business name on your site or in directories as "JS Graphic Design" (or even "Jane Smith Graphic Design") might not sound like a big leap or a fictitious name, legally you're looking at two very different names.



And while it may seem unlikely you'll be caught if you're a small single-person operation... don't be so sure. All it takes is one irritated client, or even someone finding you in a directory and doing a little background research.

You could easily find yourself facing fines or fees from the local government, or even on the end of a lawsuit that claims you're engaging in fraud. Filing for a DBA is a simple and typically very cost-effective process. It's also fast. Take the time to protect yourself from legal and compliance issues. (But remember that DBAs do not protect your personal assets — at the very least, you'll need an LLC for that).

While the pros are exceptional when you're considering a DBA, there are a few cons that you'll want to keep in mind, too. The biggest disadvantages of a DBA are that they don't offer much except for the legal name itself and that you'll need to take additional steps for further benefits.

Let's take a look at the cons.

There are little to no tax benefits

It's crucial to remember that DBAs are not a legal business structure, and they do not actually create a business; all they do is establish a name under which you can operate.

You can't even use terms like "Corporation" or "LLC" in your DBA name; you need an actual business license for that.

Because of this, there are no real tax benefits that come with a DBA. If you're choosing to pursue a DBA for a sole proprietorship and want tax benefits, consider utilizing it with an LLC. LLCs are flexible business structures that allow you to be taxed as an individual or a corporation (and you can change this at any point) so you can take advantage of tax benefits as you grow.

DBAs do not prevent you from getting tax benefits on an established business. But they aren't enough to help you get them, and as a result, are not really a "replacement" for a business license.

There is absolutely no liability protection



Outside of protecting you against lawsuits citing fraud for operating under a name that hasn't been legally established, DBAs in and of themselves do not offer legal protection. This means that you aren't getting any liability protection.

If you're a sole proprietor operating under a DBA with no other incorporation structure, if someone wants to sue your business, they're effectively suing you. Your business and personal assets are on the line, including your bank accounts, retirement accounts, and even your home.

Other types of business licenses, including LLCs, offer much more protection and security. You can discuss this with a CPA or a business lawyer.

There aren't exclusive rights to your business name

Once registered, your DBA will typically be unique to your brand... but only in your state. Other companies in other states can adopt the same trade name if they choose.

You need a trademark if you want to keep your trade name unique to your brand. This is a separate process, and it typically costs several hundred dollars. It's also a lengthy process.

That said, signing up for a DBA now can mean that no one else in your state can claim the business name, which is a good start. Once approved, you can file for a trademark as soon as possible if you'd like to prevent competitors (direct or indirect) from using the name, too.

There is ongoing maintenance

In many cases, you'll need to renew your DBA at regular intervals. This may be as often as every year, or every few years.

Renewing your DBA isn't too time-consuming, but it does typically require a filing fee and additional paperwork depending on your state. Some local governments might also require that you re-register the DBA in every county that you serve.

Before you file for a DBA, you can check to see what the local requirements are and if you're up for undergoing the maintenance. In many cases, you can just add a reminder



to your calendar so you don't forget and the maintenance is worth the benefits that you receive.

9. DBA FAQ

Do you still have questions about a DBA and what it means for your business? Let's answer some of them.

1. What does a DBA allow you to do?

A DBA allows you to legally operate your business under a registered fictitious or trade name. You can use this as a sole proprietor, or get a DBA for an incorporated business like an LLC or a corporation.

A DBA is not an incorporation structure and does not offer any other benefits or serve any other purposes.

2. How much does it cost to start a DBA?

It's typically extremely cost-effective to register for a DBA. Though it varies depending on your local government's regulations, it's often between \$10 and \$100 (averaging around \$50) to register for a DBA.

Keep in mind that there may be additional costs associated with registering for a DBA aside from the registration fee itself. You may need to update an existing business license, which may cost over \$100 in some states, or push a notification to a local newspaper. Check your local regulations to see what's involved.

3. Is it better to have a DBA or an LLC?

It isn't "better" to have a DBA or an LLC in any particular sense, as they serve different purposes.

A DBA allows you to operate under a fictitious or trade name. That's the extent of what it offers.



An LLC is a legal business structure. You can legally operate under the LLC name, though not a trading name that's separate from the LLC without a DBA. LLCs offer protection for your personal assets, and they offer potentially significant tax advantages. They also are more flexible than DBAs and offer incorporation status.

For this reason, it's recommended that even if you want to operate under a DBA that you consider incorporating under an LLC, too, even if you're a single-member company. Talk to your CPA or an attorney for advice if you're unsure or want more information about what's best for you.

4. Is a DBA a legal entity?

A DBA is a registered trade name that an LLC or a sole proprietorship can operate under.

A DBA is not a legal entity. If you register a DBA without forming another type of legal entity first, your business will automatically be recognized as a sole proprietorship.

5. Does a DBA protect you?

A DBA does not protect any of your personal assets. If someone sues your business and you only have a DBA under a sole proprietorship, your personal assets are at risk. This can include your personal bank accounts, retirement accounts, car, and home.

To protect your business, consider choosing an incorporation status like an LLC or a corporation, which reduces personal liability risks.

The only thing that a DBA can protect you from is a lawsuit citing fraud, which can occur if you're operating under a trading name that isn't legally registered with your local government.

6. Does my state require a DBA?

Many states do require a DBA if you're operating under a fictitious trade name that's different from your legal name (if you're a sole proprietor) or the name that's established on your business license.



The following are currently the exceptions:

In Alabama, sole proprietors and general partnerships don't need to file DBAs to operate under trade names

In Arizona, unregistered trade names may be used on some documents

In Hawaii, businesses aren't required to file a DBA

In Kansas, there are no formal DBA requirements at the state level, but check your local or county requirements

In Maryland, a DBA must be filed to change your assumed business name if it's already taken

In Mississippi, businesses aren't required to file a DBA

In Nebraska, businesses aren't required to file a DBA

In Wyoming, businesses aren't required to file a DBA

All other states require DBAs if you'll be operating under one.

Conclusion

DBAs are not legal business structures, but they do allow you to operate under a fictitious or trade name. Whether you want to expand your business into different branches, you want more privacy and flexibility, or you're looking to enhance your branding or opt for a rebrand, DBAs are an easy way to put your best business foot forward at any given time.

It's essential to keep in mind that DBAs only allow you to operate under an established trade name. There are no other added legal or tax benefits. Other incorporation statuses are required for legal or tax advantages.



If you have questions about a DBA, remember to talk to your CPA or a business attorney. They can help you decide if a DBA is right for you, and what other steps you can or should take for additional benefits or added protections.

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