



4. Should You Incorporate Your Business?

Recent tax changes have made it even more important to consider whether it is best to trade as a limited company.

We are regularly asked, 'should I incorporate my business?'. The reality is that there is no easy answer. Each situation has to be judged individually. As well as the obvious issues of tax and national insurance contributions (NICs), there are many other factors, such as:

- The owners lifestyle
- Growth rates of the business
- Commercial risk
- Administration
- Your personal preferences
- Pensions and retirement planning

The advantages of incorporation are that:

Incorporation usually provides limited liability. If a shareholder has paid fully for his or her shares, he or she cannot normally be required to invest any more in the company, it has its own legal status – it can own property, sue and be sued and there may be tax advantages, depending on circumstances.

When we review whether it is best to be a Limited Company, we consider these key issues:

1. Potential Tax position
2. Motor Expenses/Benefits
3. Minimum Wage
4. N I contributions
5. Dividends
6. Pension contributions and Life Assurance
7. Obtaining mortgages etc
8. Administration
9. Other trading methods
10. IR35
11. Property/Business Property relief

12. Shareholdings and the family
13. Long term plans /Exit strategy
14. Health Warnings
15. Accounting Issues
16. Stamp Duty

We also calculate any potential tax position. Based on this in-depth discussion you can arrive at a sensible decision as to whether you should incorporate.

Call us to book in an appointment to discuss