

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 business
- Growth rates of the business
- Commercial risk
- Administration
- Your personal preferences
- Pensions and retirement planning
- Advantages of incorporation

Incorporation normally 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.

A company has its own legal status – it can own property, sue and be sued.

You could save a considerable amount in tax!

When we review whether it is best to be a Limited Company we consider 18 key issues:

1. Potential Tax Saving?
2. Motor Expenses/Benefits
3. Minimum Wage
4. N I contributions
5. Dividends
6. Pension contributions and Life Assurance
7. Retirement Relief/Taper relief
8. Obtaining mortgages etc
9. Administration
10. Other trading methods
11. IR35
12. Section 162 v Section 165
13. Property/Business Property relief
14. Shareholdings
15. Long term plans /Exit strategy
16. Health Warnings
17. Accounting Issues
18. Stamp Duty

We also calculate any potential tax savings. Based on this in-depth discussion you can arrive at a sensible decision as to whether you should incorporate. Contact us if you would like further advice.