

## 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.

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

- ❑ Overall tax implications including family members
- ❑ Motor expenses/benefits
- ❑ Minimum wage requirements
- ❑ National Insurance contributions
- ❑ Dividends and remuneration packages
- ❑ Pension contributions and life assurance
- ❑ Obtaining personal financing and mortgages etc
- ❑ Administration and filing requirements
- ❑ Other trading methods
- ❑ IR35 and 'off-payroll working'
- ❑ Use of business losses and associated reliefs
- ❑ Property and /or Business Property relief
- ❑ Shareholdings
- ❑ Long term plans and exit strategy
- ❑ Accounting Issues
- ❑ Stamp duty

We can 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.

This document has been prepared for information purposes only and does not constitute advice. All information deemed correct as at 20 June 2025.