BUSINESS MENTOR

# Choosing a Business Structure

Sole trader or limited company?

## Sole trader

- Usually simpler to set up and administer; you and the business are legally the same person.
- You are generally personally responsible for business debts.
- You report business profits through Self Assessment when required.

## Limited company

- A separate legal entity with its own filing and tax obligations.
- Limited liability may protect personal assets, but guarantees, misconduct and other exceptions can create personal exposure.
- Companies House filings, corporation tax, payroll or dividend administration may add cost and complexity.

## Questions to ask

- What level of commercial or contractual risk will you take?
- How much profit do you expect, and how will you take money out?
- Will you employ staff, bring in investors or work with large customers?
- Can you afford ongoing accounting and filing responsibilities?

## Before deciding

- Compare the total tax and administration costs for your circumstances with a qualified adviser.
- Check current HMRC and Companies House registration rules and deadlines.
- Remember: the cheapest structure today may not suit the business in two years.

## FREE 60-MINUTE DISCOVERY CALL

Discuss your business goals with an experienced mentor. Visit yourbusinessmentor.co.uk to find out more.

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