

**SOLE  
TRADER?**

VS

**LIMITED  
COMPANY?**

Someone who is **self-employed** and is the **sole owner** of their business, **keeping all their business's profits** after tax and personally responsible for any losses they make.

**Personally responsible** for all finances

Has its **own legal identity** and is separate from its owners. **'Limited by shares'** companies are usually businesses which make a profit and have shareholders. **'Limited by guarantee'** companies are typically not for profit.

**Personal finances** are separate from **business finances**

**SUITS YOU IF YOU'RE:**

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A **freelancer** looking for a simple business structure

A sole proprietor looking to **test a business** idea

Wanting to set up a **lifestyle business**

Dealing with sensitive information and want **protection from the risks** involved

Going into partnership with **one or more people**

Wanting to set up a **limited liability company** or **corporation**

Operating a **non-profit organisation**

**PROS & CONS**

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**Complete control** and **retain all profits**

**Easy to set up** and **start out**, with relatively little paperwork

**Greater privacy** with no financial information displayed on Companies House

**Limited liability** - personal assets aren't exposed if you run into financial difficulties

**Wider range of allowances and tax-deductible costs** that can be claimed against profits

Once you've registered a company name, **nobody else can use it**

**Unlimited liability** - personally liable for any debts

**Raising finance can be difficult** because banks tend to favour limited companies

The **success or failure** of the business **rests on your shoulders**

Director has a **number of legal responsibilities**

Tax returns, accounts, and processes become **more complicated, costly, and time-consuming**. You will most likely **need an accountant**.

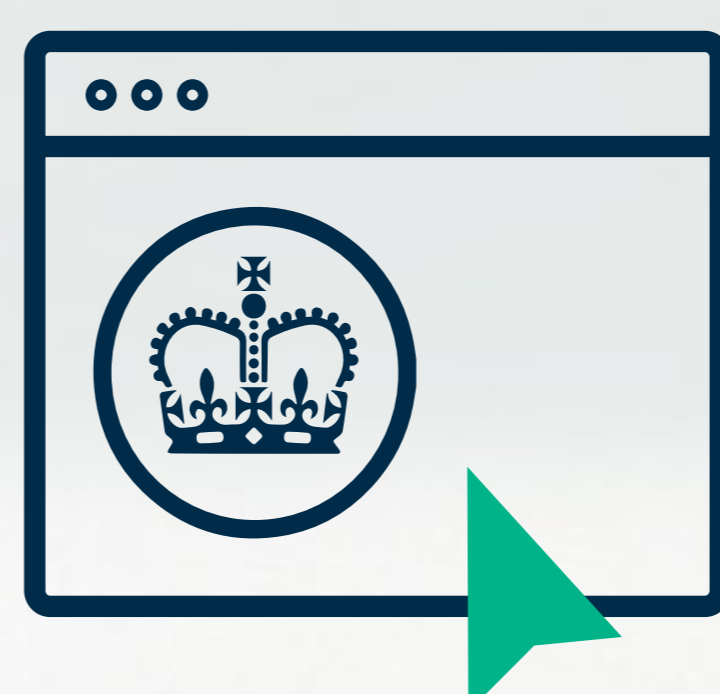
Details on Directors and company's earnings will be **shown publicly** via Companies House

**WHAT'S NEXT?**

**CHOOSE A COMPANY NAME**

- It can't be something that's currently used, has certain **'limited'** or **'partnership'** terms or suggests a connection to government or local authorities without permission.
- **Register your name** as a trade mark. Stops people trading under your business name.
- **Register with HMRC** as a sole trader. This needs to be done within the first three months.
- **Register for VAT.** You must register if your business has a turnover of more than £85,000 a year. You can also register voluntarily. **Find out more here.**

- **Check the rules**, if the **name you want is available** and for any existing **trade marks**.
- **Choose directors, company secretary, shareholders** and **guarantors**.
- **Check the company and accounting records** you need to keep and hire an accountant if necessary.
- **Register your business** with **Companies House** and **HMRC**.



**OTHER POINTS TO CONSIDER FOR SOLE TRADERS:**

- Have you obtained any **permits** you may need from your local authority?
- Have you asked your local authority if you need to **pay business rates**?
- Is it worth getting **insurance** or **public liability**?
- Do you have a **record-keeping system** for all your finances?

**CHOOSING A DOMAIN NAME**

Checking domain availability before you register your company name means you can keep your new branding consistent with a website and email address which matches your business name.

**Search for your .UK domain name here**  
**www.theukdomain.uk**